

**FENLAND DISTRICT COUNCIL**  
**STATEMENT OF ACCOUNTS**  
**2019-20**

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**2019/20**

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# NARRATIVE REPORT

## 1. INTRODUCTION

This report explains how we've worked with residents, partners and community groups over the past year to achieve the priorities in our Business Plan. Our priorities focus on our communities, our environment and our economy.

## 2. ABOUT FENLAND

Fenland has strong community spirit and pride in its heritage. 100,850 people live in the district (ONS: 2019), which covers 211 square miles within North Cambridgeshire. 75% of people live in our four market towns of Chatteris, March, Whittlesey and Wisbech. Our beautiful rural landscape is home to 29 villages and attracts visitors from around the country.

Fenland has the lowest house prices in Cambridgeshire and plentiful availability of commercial land. As a result, our population is growing quickly. By 2036, it is predicted that the population will have increased by over 9% to 110,700. We have plans in place to maximise the positive opportunities that growth brings.

Our population is also getting older. 29% of our population are aged 60 or over; above average compared to Cambridgeshire and the UK as a whole (ONS: 2019). Alongside partners, we are working to enable residents to access the support they need to live happily, healthily and independently.

We also face some challenges around deprivation, particularly around education and health. We are the 80th (out of 326) most deprived area in the country, with some wards within the top 10% most deprived (IMD: 2019). Nevertheless, we continue to work closely with other organisations to positively overcome these challenges.

Further details can be found in our Annual Report at: [www.fenland.gov.uk/annualreport](http://www.fenland.gov.uk/annualreport)

## 3. ABOUT FENLAND DISTRICT COUNCIL

Fenland District Council has 364 employees. As an organisation, our unique 'one-team' culture supports the effective delivery of our priorities. It enables officers, elected members and partners to effectively work together without the constraints of traditional department silos. We support and invest in our workforce to give them the skills they need to work effectively in their roles, which has been recognised by continued Customer Service Excellence (CSE) re-accreditations. In our latest Staff Survey (2018), 84% of staff said they were proud to work for us.

Public sector austerity has now continued for over a decade. Since 2010, we have made savings of £9.9million, and must make a further £1.631million between 2020/21 and 2023/24. The challenge remains to deliver good quality services that our residents need, whilst investing in services and projects that help the district to grow. We continue to work closely with partners, with well-established arrangements in place for a number of our key services including Revenues and Benefits and Planning Policy. Our recent partnership with Freedom Leisure has already enabled improvements to be made to our leisure centre facilities, whilst saving £351,000 per year.

As an organisation, work is underway to ensure we are operating as effectively as possible – not only to meet current needs, but to meet future ones too. We recently adopted a Commercial and Investment Strategy which will support us to make good decisions on income generation, regeneration and place-shaping opportunities. Our ‘My Fenland’ Customer Services project is enabling us to transform our processing of customer enquiries by utilising technology to enable residents to access services 24/7. A number of transformation projects, spanning across a variety of service areas, are also changing the way we work to meet emerging needs.

We are an ambitious, forward thinking organisation and continue to lobby for investment to help tackle important issues – particularly relating to skills, transport, affordable housing, education and regeneration. As a result, we have commitments of £61 million from the Cambridgeshire and Peterborough Combined Authority towards projects that will benefit Fenland. We continue to work with partners to deliver property improvements, including ambitious plans for 11/12 and 24 High Street, as part of the National Heritage Lottery Funded Wisbech High Street project. The recently completed ‘Growing Fenland’ masterplans also offer exciting possibilities to bring economic growth and regeneration for our four market towns. As ever, we continue to pursue funding for ambitious and transformational projects and hope to secure Government funding for our ‘March Future High Street’ bid, having been successful in the first phase.

Alongside partners, we also continue to develop new ways of working. Now in its third year, and initially supported by £736,000 of Government funding, our new partnership ‘Trailblazer’ approach to homelessness prevention across Cambridgeshire and Peterborough is shaping best practice across the country. Early intervention and multi-agency working has supported over 1,000 households, who would usually not qualify for help, to avoid becoming homeless. We also successfully bid for £2.2million of funding from the DCLG Controlling Migration Fund. This is supporting us and the wider ‘Diverse Communities Forum’ partnership to successfully tackle migration issues affecting local people including homelessness, overcrowding, poor housing conditions, modern day slavery, discrimination and street drinking. This work has recently been shortlisted for a national award and best practice is being shared nationally, contributing to sector-led improvement.

However, we now find ourselves in unprecedented times. As we write this narrative report at the beginning of July 2020, Coronavirus (COVID-19) is significantly impacting the UK and the world. We are doing everything in our power to minimise its impact on residents and businesses. By working closely with partners, volunteers and communities, who are generously providing help where they can, we are able to signpost residents to a wide range of support services and reduce duplication between organisations.

We are working hard to continue delivering our core services, with appropriate modifications to meet Government guidelines. Our Refuse team are working at capacity, but by volunteering to cancel holidays and rest days, are still providing a normal service - despite a significant increase in household bin usage. Our Housing team have offered temporary accommodation to over 50 rough sleepers who are particularly vulnerable within the pandemic. We would like to thank residents for their gratitude and continued support which is helping to keep our workforce motivated during these challenging times.

Our COVID-19 telephone co-ordination Hub, launched at the end of March, is providing valuable support to residents aged over 70 and other vulnerable groups. Staffed by our Customer Services team and officers repurposed from non-critical services, the Hub

received over 300 phone calls in its first three days of operation and has helped residents to access food, medicines, essential supplies and over 50 different support services.

Our Environmental Health team are been actively supporting the Government's closure of certain businesses and offering guidance for those who can open under revised operating measures. As well as implementing business rates relief measures, we are quickly responding to the Government's business support measures. We have been responsible for administering three business grants in Fenland and since April 2020, we have paid over £20.026million to 1,842 businesses who were eligible for support.

#### **4. GOVERNANCE**

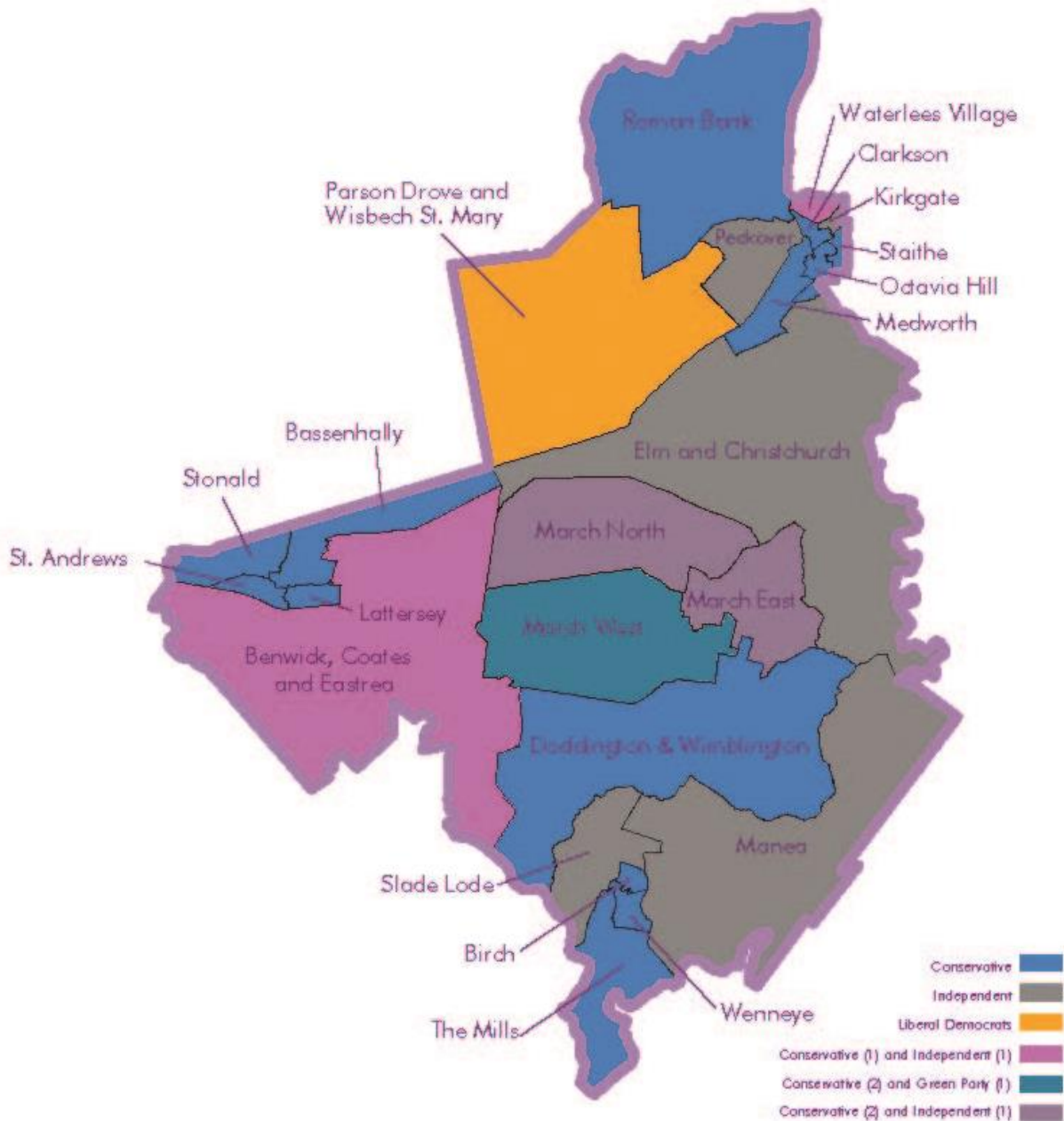
Fenland District Council is made up of 39 Councillors, representing 24 wards.

Councillors are elected every four years by local residents to represent their area, make decisions and set priorities for the district.

We operate a Leader and Cabinet style of governance. This involves a Cabinet of 10 Councillors, each with specific responsibilities.

The Conservative group holds the majority with 25 seats. The remaining 14 seats are made up of 10 Independent Councillors, 2 Liberal Democrat Councillors and 1 Green Party Councillor. 1 seat is vacant and its by-election will take place during May next year.

The map on the following page shows the District split into wards.



## 5. OUR PRIORITIES

**Our mission as a Council is 'To improve the quality of life for people living in Fenland'**

To do this, we have developed a series of priorities to deliver over the next year. These aim to address the social, environmental and economic needs for residents to live happy, fulfilled lives and are summarised in the table below.

Partnership working is at the heart of these priorities. This includes working with the Combined Authority to seek investment and support for improvements to transport, infrastructure, skills and employment.

The Council's priorities and sub-priorities for 2019-20 are summarised in the table below.

**Summary of Corporate Priorities 2019/20:**

Quality Organisation	Communities	<ul style="list-style-type: none"> <li>• Support vulnerable members of our community</li> <li>• Promote health and wellbeing for all</li> <li>• Work with partners to promote Fenland through culture and heritage</li> </ul>
	Environment	<ul style="list-style-type: none"> <li>• Deliver a high performing refuse, recycling and street cleansing service</li> <li>• Work with partners and the community on projects that improve the environment and our street scene</li> <li>• Work with partners to keep people safe in their neighbourhoods by reducing crime and anti-social behaviour and promoting social cohesion</li> </ul>
	Economy	<ul style="list-style-type: none"> <li>• Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland</li> <li>• Promote and enable housing growth, economic growth and regeneration across Fenland</li> <li>• Promote and lobby for infrastructure improvements across the District</li> </ul>

**Communities****Support vulnerable members of our community**

- Over the last year, we investigated 187 complaints from tenants in private rented accommodation, resulting in serious health and safety failings being put right. Supported by £196,000 from the Government's 'Controlling Migration' fund, we have built upon our existing enforcement work. By undertaking street-by-street inspections in Wisbech, we have gathered valuable property intelligence and uncovered hidden issues. Last year we made a total of 2,713 visits and 920 interventions.
- Supported by new housing legislation, we prevented 390 households from becoming homeless; an increase of 24% since 2018/19. Our Migrant Outreach Worker (also financed by the Government's 'Controlling Migration' fund) is working with over 23 clients in Wisbech to find a route away from sleeping rough. Our Housing Options team also gave valuable advice to 2065 households about a variety of issues including homelessness, tenancies, eviction, debt and living independently.
- The Cambridgeshire and Peterborough 'Trailblazer' project has successfully piloted early approaches to homelessness prevention. Supported by £736,000 of Government funding, it has prevented nearly 600 people from becoming homeless (254 in Fenland) since inception (August 2019). The project received over 1,600 referrals; 600 were from the Fenland area (the highest in the region).
- Financed by the 'Better Care Fund', we adapted 157 homes to help elderly and disabled people remain safe, secure and protected at home. 90% of people asked were satisfied with the works and said it has made their life easier 1 year on.
- 367 people attended our Golden Age Fairs. The Fairs, held in our villages and towns, enable older residents to access information, advice and guidance from many local and national partner organisations. Over 20 partner organisations regularly attend the fairs and this year have offered free electric blanket exchanges, scam awareness advice along with health and fitness information. When asked, 100% of visitors were satisfied with the Fairs and would recommend them to their family and friends.

**Promote Health and Wellbeing for all**

- Freedom Leisure continues to deliver leisure centre services on our behalf. Over the past year, we have seen an increased number of learn to swim users, more gym attendees and a high degree of customer satisfaction. With our support, Freedom redeveloped the Hudson Leisure Centre, with new improved facilities opening in January 2020. All gym equipment across our four leisure centres has been replaced, offering the community top class equipment to encourage them to stay active.
- A variety of 'Active Fenland' projects have encouraged local people, of all ages, to get moving and try new sports where they live. This has been cost-neutral to the Council thanks to over £195,000 of funding from a variety of organisations. 'Active Families' funding has supported families with children



from our most deprived areas to enjoy a variety of activities including multi-sport clubs, running, cricket, fitness classes and swimming. 'Let's Get Moving' has supported a variety of people to enjoy sessions including walking sport, chair-based exercise, yoga, running, cycling and mum's fitness. Positively, Cambridgeshire County Council Public Health have now extended this funding for a further five years.




- We work closely with partners to help households increase their energy efficiency and reduce fuel poverty. Following referrals from councils, housing associations and the Department for Work and Pensions, the Peterborough City Environment Trust (PECT) charity made 53 home visits to households to advise them how to save energy and access support. Through the 'Stay Well' project, £15,467 in grants was awarded across 83 households with vulnerable residents needing help to pay oil or top up a pre-payment energy meter. 121 households switched their energy supplier through the 'iChoosr' collective switching scheme, saving an average of £250 on their annual energy bill.
- The Wisbech 2020 Vision programme has achieved significant outcomes since its inception and has created a helpful foundation for recent projects in the area, such as Think Communities and I ♥ Wisbech. A mixture of long-term infrastructure related projects are being driven forward, with more immediate socioeconomic interventions making a difference. Partners remain committed to working both differently and together, with work currently being undertaken to review the Vision's approach, drive forward project delivery and embed actions into partner's business plans. Examples of achievements include:
  - o Sponsorship of bespoke training courses at the College of West Anglia to improve local employment opportunities (delivered by Anglian Water)
  - o Improvements to the Queen Mary Centre (championed by Anglian Water)
  - o Progress on the Wisbech High Street project (see 'Economy' section)
  - o Support provided to the Wisbech Society General Cemetery Restoration Project, the opening of Wisbech Community Farm and the Wisbech Museum
  - o Over 200 properties visited to address poor quality private rented housing, with remedial action enforced when needed.

#### **Work with partners to promote Fenland through Culture and Heritage**

- We successfully secured a grant from the Arts Council to develop a creativity and culture strategy for Fenland. This work is ongoing and is expected to produce a document that will support local creative people and agencies in applying for grant funding, as well as linking groups together to be more effective across the district.

Performance

	Target 2019/20	Performance	Variance on target
Days taken to process new claims and changes for Council Tax support	8 days	6.06 days	24%
Days taken to process new claims and changes for Council Tax benefit	8 days	4.65 days	42%
% of attendees satisfied with Golden Age events	96%	100%	4%
% of those asked satisfied with our leisure centres (Net Promoter Score)*	39	44	13%

Key	 On or above target (<-4%)	 Nearly on target (-5% to -9%)	 Below target (>-10%)
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**Environment**

**Deliver a high performing refuse, recycling and street cleansing service**

- More than 2.9 million bin collections were made across the district, in all weathers. Residents recycled over 50% of their waste through waste collections or using the household waste recycling centres. Customer satisfaction with our Garden Waste (Brown Bin) service remains high at 94%. Subscriptions continue to rise, totalling 21,300 in 2019/20. Almost 19,000 households signed up early for the current year.
- Our 40 trained ‘Getting It Sorted’ volunteers delivered 113 recycling events, generously volunteering for over 1,500 hours to promote recycling. Projects included launching a new multi-lingual recycling website, [www.gettingitsorted.org](http://www.gettingitsorted.org), which has seen over 23,000 hits in its first three months and running a primary schools recycling project, raising over £5,600 for local schools.
- Our Cleansing and Rapid Response team continue to provide an excellent seven day street sweeping and litter picking service. Last year they responded to over 1,400 service requests; 95% on the same or next day. Over 1,000 quality inspections were made and 99% of areas met cleansing standards first time.

**Work with partners and the community on projects to improve the environment and streetscene**

- Tivoli, our grounds maintenance contractor, continues to keep our parks and open spaces well maintained so they can be enjoyed by all. In addition to their usual maintenance programme, they undertook extra works related to our tree stocks.
- With significant community involvement and considerable support from the AmeyCespa community fund, the brand new West End Skate Park officially opened in December. It is larger than the old park, suitable for all users (from beginner to expert) and is made of concrete so should last for many years.
- Our Street Scene team spent over 4,800 hours on patrol. They work closely

with the community to tackle environmental and anti-social behaviour concerns, with a focus on preventing fly-tipping, littering and dog fouling. 350 Fixed Penalty Notices (FPN) were served on people who committed dog and littering related offences. The 50 people who didn't pay were found guilty at Peterborough Magistrates court and ordered to pay an average of £220 fine and £226.50 costs. 3 people were issued with a £400 FPN for fly-tipping, with 3 others prosecuted at Peterborough Magistrates Court which resulted in a total combined fine of over £26,000.

- We worked with over 300 volunteers across 24 dedicated local volunteering groups including Street Pride, In Bloom and Friends organisations, who delivered a record 254 environmental events across the district. In addition, we launched community-led Green Dog Walker schemes in March, Chatteris, Whittlesey, Wisbech and Wisbech St Mary which aims to encourage responsible dog ownership and reduce dog fouling.
- Over £102,000 was awarded to community groups living within the vicinity of wind turbines to improve their local environment. Projects included energy advice sessions, solar panels for community buildings, environmental education in schools, switching to LED lighting, enhancements to green spaces and the fourth year continuation of the 'Fenland Explorers' programme.
- Working with community groups, we continue to support popular 'Four Seasons' events. Backing from town councils, volunteers and businesses has kept the programme fresh and engaging for the 18,000 visitors who attended last year. The 11th annual St George's Fayre, with a 'Vikings and Dragons' theme, saw stilt walking warriors and juggling jesters perform on the streets. The Whittlesey Festival offered an acrobatic display from the UK's leading Cossack group along with free climbing walls, miniature golf, inflatables and bumper cars.




**Work with partners to keep people safe in their neighbourhoods by reducing crime and antisocial behaviour and promoting social cohesion**

- Our CCTV service recorded over 1,250 incidents of crime and disorder and supported our enforcement partners to make 105 arrests, helping to make our towns and public spaces safer. To reduce costs (saving circa £55,000 per annum from 2020/21) whilst improving operator presence, we now operate a shared service with Peterborough City Council in a new 'state of the art' control room within Peterborough. The shared service went live from January 1st 2020 and now monitors our newly upgraded digital camera network.
- With support from partners, our Community Safety team responded to 150 reports of anti-social behaviour. A high-profile example of their work is Ely House (Wisbech), where they successfully applied for a Closure Order due to the community impact of criminal and anti-social behaviour there. As part of the Fenland Community Safety Partnership, public engagement and workforce development activities took place surrounding Domestic Abuse, Hate Crime, Scams and Cybercrime.
- The Diverse Communities Forum (DCF), formed of over 30 partners across statutory, housing associations, health sector, community, voluntary and faith

groups, continues to improve integration and cohesion between communities. With Government funding, they have delivered a project to recruit and manage bi-lingual advisors in the community. This has improved access to oversubscribed local translation services at a reduced cost, whilst helping non-English speakers to access services, improve their language skills and become more self-sufficient.

#### Performance

	Target 2019/20	Performance	Variance on target
Rapid or Village response requests actioned the same or next day	90%	95%	6%
% of inspected streets meeting our cleansing standards	93%	99%	6%
% of collected household waste – Blue Bin recycling	28%	28%	0%
Customer satisfaction with Refuse and Recycling services	90%	99%	10%
Customer satisfaction with Garden Waste service	80%	94%	18%
Number of Street Pride and Friends Of community environmental events supported	204	254	25%
% of local businesses who thought they were supported and treated fairly	90%	100%	11%
% of those asked who are satisfied with events	90%	98%	9%

Key		On or above target (<-4%)		Nearly on target (-5% to -9%)		Below target (>-10%)
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#### Economy

#### Attract new businesses, jobs and opportunities whilst supporting our existing businesses in Fenland

- Our 'Fenland For Business' team helped to shape the Local Industrial Strategy (LIS) for Cambridgeshire & Peterborough by representing the views of the Council and its local business community. The LIS is a framework for economic growth which is used to develop projects and programmes of support for businesses in key sectors.
- To support businesses in moving to Fenland, we adopted a new Discretionary Business Rate Relief Policy. This aims to attract and support businesses who offer staff training, opportunities for school leavers along with higher skilled and paid jobs. We continue to support training and education by hosting events for the Adult Learning and Skills team. This aims to engage harder to reach groups and provide training and support to improve their skills. We are also involved in the National Retraining Scheme initiative. This seeks to support the retaining of employees as automation changes their roles and new roles emerge, whilst others disappear.
- We continue to work with skills services and local education providers to support young people to get ready for work. As well as welcoming students for

work experience, we created nine new apprentice roles across a variety of teams. The CPCA are also in the process of developing a Skills Strategy. Once complete, it will give valuable intelligence on where skills are needed to address current issues and deliver future growth.

- Our Business Premises continue to provide popular 'start up' and conference sites, with 88% occupancy. 98% of customers surveyed were happy with our facilities. In August, the Boathouse became the new location for our Wisbech One Stop Shop (now known as Wisbech Customer Services centre).
- Wisbech Yacht Harbour remains busy. Full-time berths are fully occupied and we have exceeded targets for boatlift operations. With Lincolnshire County Council and Kings Lynn Borough Council we are delivering new infrastructure, a detailed hydrographic survey programme and a new Sail The Wash website. This has been enabled through our £750,000 funding bid from the Coastal Community Fund.

**Promote and enable housing growth, economic growth and regeneration across Fenland**

- Our Planning team processed over 700 planning applications from across the district. In terms of meeting Government targets, our performance remains excellent (between 96% and 100% depending on application type) making us one of the top performing Councils in the country. Our success rate at appeal remains excellent and is well within Government performance requirements, with only between 1.2-1.6% of appeals (depending on development type) allowed (as percentage of applications determined). We have also investigated and dealt with nearly 300 cases of unauthorised development that was reported to us.
- Work is progressing on the production of the new Local Plan. A first stage consultation took place at the end of 2019 which included a call for development sites. These are in the process of being assessed prior to the publication of a Draft Local Plan consultation.
- Our Economic Growth Team assisted with the assessment applications and payment of grant funding via the Cambridgeshire Fens Leader Programme. This was awarded £1.45m from DEFRA to fund rural diversification and expansion projects. Of the funding available, 49% (£710,500) was allocated to Fenland-based businesses. Projects were funded that improved agricultural productivity, provided enhanced rural workspace, encouraged tourism and supported local heritage.
- The Cambridgeshire and Peterborough Combined Authority (CPCA) funded the development of a 'Growing Fenland' masterplan for each Fenland market town. This aims to bring jobs, infrastructure and growth to Fenland whilst enabling each town to become and remain 'vibrant and thriving places' in their own right. Now approved, the Town Teams look forward to delivering masterplan priorities once funding is secured. A strategic report was produced, containing proposals to address district-wide issues.
- With funding from the National Lottery Heritage Fund, we continue to work with property owners and tenants to improve the buildings on Wisbech High Street. Highlights from 2019/20 include:




- o Helping applicants to develop improvement programmes on 8 properties, offering guidance on planning consents, quotations and funding applications
- o Working closely with a developer who plans to regenerate the derelict site at 11-12 High Street into an exciting new residential and retail complex
- o Carefully removing a derelict structure at the rear of 24 High Street to allow for redevelopment in 2020
- o Finalising a programme of training for students in traditional building repairs with the College of West Anglia, using a redundant chapel owned by the Council in Wisbech
- o Delivering workshops, talks and exhibitions to engage residents about local heritage. Topics have included Museums at Night and a History of Wallpaper

**Promote and lobby for infrastructure improvements across Fenland**

- Following on from last year's relaunch, supported by Cross Country, the Hereward CRP (Community Rail Partnership) have been raising their profile and improving community engagement by holding 'pop up' stands in 5 local stations, engaging with over 2,000 people. The Wisbech Tesco Bus, supported by Section 106 developer funding, has been successfully extended until July 2021.
- Supported by CPCA funding, work continues to improve transport connectivity in Fenland and beyond. This has included:
  - o Up to £25 million to improve the A47 Guyhirn roundabout by increasing its size and widening the carriageway. Works are expected to finish in 2022
  - o £32 million to deliver the A605 Kings Dyke crossing, with construction due to start in 2020 and complete in 2022
  - o £10.5 million for Phase 1 of the Wisbech Access Strategy which will deliver improvements around Weasenham Lane/Ramnoth Road, Broad End Road, Elm High Road, Newbridge Lane/Cromwell Road
  - o £9 million to improve March, Manea and Whittlesea stations
  - o £1.5 million for recent feasibility work and a business case for a March-Wisbech Railway line. Options are being explored for the project's next stage
  - o £1 million for a March area transport study to improve local transport issues, with proposals due for public consultation in 2020/21.

### Performance

	Target 2019/20	Performance	Variance on target
% of major planning applications determined in 13 weeks	75%	100%	33%
% of minor applications determined in 8 weeks	80%	96%	20%
% of other applications determined in 8 weeks	90%	97%	8%
% occupancy of our Business Estates	87%	88%	1%
% of customers satisfied with our Business Estates	92%	98%	7%
% occupancy of Wisbech Yacht Harbour	85%	95%	12%

Key		On or above target (<-4%)		Nearly on target (-5% to -9%)		Below target (>-10%)
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### Quality Organisation

- We collected just over £56million of Council Tax and £24million in Business Rates. This plays a major part in funding the key services we provide to the community. We also pass a large share of this money onto the Police, Fire Service, County and Parish Councils – see the ‘Money Matters’ section for more information.
- More people are using our website than ever before. We received nearly 685,000 visits in 2019/20 and nearly 10,000 online form submissions (excluding Garden Waste subscriptions) across 50 different topics. Dedicated Coronavirus webpages were set up to signpost to government support and business grant information; these received over 16,000 hits within 4 weeks. Work is currently underway to develop a brand new website that will be launched during 2020. This will deliver valuable improvements to its design, quality of content, search facility and its ‘Find My Nearest’ postcode look-up system.
- Our Social Media following continues to grow, with 8,570 Twitter followers and 3,368 Facebook followers. We use these channels to advertise council services, local events and partner organisations. Some of our Tweets have been ranked in the top 50 ‘Great UK Gov Tweets’ which ranks the most 50 engaging tweets everyday based on retweets, likes and potential reach. One such example is a tweet in January about boxing professional Jordan Gill’s visit to Fenland, which ranked 32<sup>nd</sup> and was estimated to reach 115,250 people. Our Social Media channels have proved particularly effective in engaging with residents and businesses about Coronavirus, offering us the ability to quickly publicise and signpost emerging information.
- Our Elections team continue to work hard to allow everyone to exercise their right to vote. 2019 was a busy year for the team who successfully delivered three major elections – two of which were unexpected. On May 2<sup>nd</sup>, the all-out elections were held involving 24 District Councillor wards and 39 Parish/Town Council wards. Both the European Parliamentary Election (May 23<sup>rd</sup>) and General Election for the North East Cambridgeshire Parliamentary

Constituency (December 12th) were successfully held at short notice, and for the General Election, at an extremely unusual time of year. There was significant interest in the General Election, with unprecedented numbers of local residents coming forward to register on the electoral roll in order to participate in the voting process.




- Due to decreasing footfall (-81% in 15 years) and increased online service uptake, we relocated our Wisbech and March One Stop Shops to existing Council sites (The Boathouse Business Centre, Wisbech and Fenland Hall, March). This has reduced the cost to the tax payer whilst still offering face-to-face help to those who need it. The most common queries received by our Customer Services team related to Council Tax, Refuse and Benefits. Over 96% of customers surveyed said they were satisfied with the service they received.
- Well managed businesses make Fenland a safer place to live, work and socialise. Last year we issued 562 licenses. These relate to a variety of services with examples including Taxi, Premises, Alcohol, Scrap Metal and Animal Licensing. In response to customer feedback, and to streamline the applications and renewals process, we revised our taxi licensing procedure. This has received positive feedback and ensured applications are managed in the most effective way.
- We continue to consult with residents, stakeholders and partners about Council proposals. The feedback we receive helps us to understand residents' priorities and shape our services. Last year we consulted on a variety of topics which included our Business Plan, the Local List (related to our emerging Local Plan), our Council Tax Reduction scheme and proposals relating to the Gambling Act.
- Our Chairman hosted another very successful Macmillan Coffee Morning in September, raising £753 in proceeds from cake sales and a raffle. During December, she held her Community Carol Service in St John's Church (March) which was well supported by Dignitaries, Civic Heads and the community.
- We were reaccredited with the Customer Service Excellence (CSE) award last year. This is a Government standard that recognises the high quality, customer focused services we provide. In particular, our assessor praised the 'can-do' attitude of our staff and the effectiveness of the partnership working surrounding health, crime reduction and social deprivation.
- In December, we were shortlisted for a national LGC (Local Government Chronicle) award within the 'Community Involvement' category. This recognised our work within the Diverse Communities Forum, a cross-sector partnership aimed at supporting local areas facing challenges linked with migration such as poor housing conditions, exploitation, language barriers and discrimination. The LGC received over 700 entries for the 2020 awards, so to be shortlisted was a very positive achievement.
- Our Environmental Health team continues to provide a wide range of regulatory services to support businesses and protect the public. Last year they inspected 364 food businesses, licenced 84 Animal Welfare



Establishments, permitted 29 Industrial Processes, consulted on 716 planning applications and licensed 14 skin piercing establishments. They undertook a variety of nuisance investigations which involved monitoring noise, assessing odours and resolving drainage issues. As part of their Air Quality Action Plan, which strives for better air quality in the district, they successfully bid for £7844 to purchase real-time monitoring equipment. In addition, they worked with external agencies (such as Public Health England) to take court action for infectious disease control and prosecute prolific food safety issues.

**Performance**

	Target 2019/20	Performance	Variance on target
% of customer queries resolved at the first point of contact	85%	95%	12%
% of customers satisfied by our service	90%	96%	7%
% of contact centre calls answered within 20 seconds	46.5%	64.8%	39%
% of contact centre calls handled	80%	92.48%	16%
In year % of Council Tax collected	96.92%	96.76%	0%
Council Tax net collection fund receipts	£56,185,753.00	£56,585,398.70	1%
In year % of NNDR collected	97.98%	96.84%	-1%
NNDR net collection fund receipts	£24,663,273	£24,137,938	-2%
Number of visits to the FDC website	620,000	684,190	10%
% of staff that feel proud to work for FDC	82%	84%	2%

Key		On or above target (<-4%)		Nearly on target (-5% to -9%)		Below target (>-10%)
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## 6. FINANCIAL PERFORMANCE

### The 2019/20 Revenue Budget Process

The Revenue Budget for 2019/20 was prepared against a background of meeting the Council’s Corporate Plan objectives whilst continuing to face significant financial pressures from the reductions in core Government funding. A balanced budget was produced that included a deliverable level of savings and income and provided for investment in key services. This was achieved through a budget strategy that resulted in:

- the delivery of savings through the service transformation review process;
- making efficiencies through specific budget reviews and contract renewals;
- maximising new and existing income streams; and
- recognising cost pressures and making decisions on budget changes where necessary.

The budget included savings or additional income of £0.103m. This compared to £0.218m included within the 2018/19 budget. The majority of the savings were based on organisational efficiency changes across a number of service areas together with shared

service and partnership arrangements with other local authorities. In addition, higher forecast business rates growth has enabled the Council to retain more business rates in recent years, including 2019/20. However, the government is currently reviewing the system for allocating money generated from business rates to local authorities. The proposed reforms will potentially impact on the funding available to the Council from business rates from 2021/22 onwards.

Council approved a net revenue budget for 2019/20 of £11.062m at its meeting on 21 February 2019. Council also approved the Fees and Charges proposals that support delivery of the revenue budget, the Treasury Management Strategy and Capital Programme and funding for 2019/20- 2021/22.

## Council Tax

At its meeting on 21 February 2019 Council resolved not to increase Council Tax in the 2019/20 financial year. The Cambridgeshire Police and Crime Commissioner increased their element of Council Tax by 12.05% and the Fire Authority increased theirs by 2.88%. Cambridgeshire County Council increased their Council Tax by 4.98%. On average Parish Councils reduced their precepts by 1.19%.

The calculation of the 2019/20 Tax-Base, resulted in an increase of 401 Band D equivalent properties (as shown in the table below). This produced a net increase in Council Tax income of £104,400 for Fenland District Council. The increase in Band D equivalent properties reflects both an increase in properties built and a reduction in the number of people claiming Council Tax Support.

The comparison of Council Tax levels and Tax Base from 2017/18 to 2019/20 is shown below:

<b>Band D Council Tax by authority</b>	2017/18 £	2018/19 £	2019/20 £
Fenland District Council	255.42	260.46	260.46
Cambs. County Council	1,190.43	1,249.83	1,312.11
Cambs. Police & Crime Commissioner	186.75	198.72	222.66
Cambs. Fire Authority	66.78	68.76	70.74
	<b>1,699.38</b>	<b>1,777.77</b>	<b>1,865.97</b>
Parish Councils (Average)	44.37	46.97	46.41
<b>Total average Band D Council Tax</b>	<b>1,743.75</b>	<b>1,824.74</b>	<b>1,912.38</b>
Total average increase	34.77 (2.03%)	80.99 (4.6%)	87.64 (4.8%)
<b>Council Tax Base</b>			
Number of Band D equivalent dwellings	28,397	28,979	29,380

## Revenue Spending

For 2019/20, the Council agreed an original budget of net spending on services of £11.062m. This sum was to be financed in part by Government Grant together with the Council's share of Business Rates, with the remainder being raised through Council Tax and a contribution from the General Fund of £150,720. The Council Tax for 2019/20 was set at £260.46 for Band D properties. The precept on the Collection Fund (£7.652m) is the amount due to the Council net of Parish Precepts (£1.364m). The following table summarises the final figures (outturn) with those budgeted for the year

	Original Budget £000	Revised Budget £000	Actual £000	Actual to Revised Difference £000
General Fund Spending	11,062	10,817	10,796	(21)
Contribution to/(from) Reserves	(151)	0	0	0
<b>Total</b>	<b>10,911</b>	<b>10,817</b>	<b>10,796</b>	<b>(21)</b>
<b>Financed by:</b>				
Business Rates Baseline Funding	3,643	3,643	3,643	0
Business Rates Collection Fund Deficit	(443)	(443)	(443)	0
CT Collection Fund Surplus	59	59	59	0
Precept on Collection Fund	7,652	7,652	7,652	0
<b>Total</b>	<b>10,911</b>	<b>10,911</b>	<b>10,911</b>	<b>0</b>
<b>Net Surplus – Transferred to Budget Equalisation Reserve</b>	<b>0</b>	<b>(94)</b>	<b>(115)</b>	<b>(21)</b>
<b>General Fund Balance</b>	<b>2,622</b>		<b>2,000</b>	
			31	
	31 March 2019		March 2020	

In January 2020 Cabinet agreed to establish a Budget Equalisation Reserve. Cabinet approved the transfer of £200,000 from the General Fund to the Budget Equalisation Reserve representing the surplus achieved in the 2018/19 financial year. The surplus of £115,307 returned in the 2019/20 financial year has also been transferred to the Budget Equalisation reserve. In January 2020 Cabinet agreed a further transfer of £422,000 between the General Fund and the Capital Contribution Reserve to reduce the balance on that reserve to £2M.

The current General Fund Balance of £2M reflects the level approved by Cabinet as representing an adequate amount to be held in the General Fund to mitigate against the risks and adverse circumstances that the reserve is in place to address.

The Council under-spent by £0.115m (prior to additional appropriations to reserves) on the revised budget due principally to the following reasons:

		£000
	• Net impact of Housing Benefit subsidy claim, overpayments and bad debts provision	32
	• Homelessness – additional B&B costs	15
Off-set by	• Additional contribution to Capital Contribution Reserve	632
	• Lower employee costs	(158)
	• Lower officer car mileage, vehicle and vessel maintenance costs	(45)
	• Lower supplies & services costs	(154)
	• Lower Gate Fees and Higher Dry Recycling credits	(37)
	• Additional income from fees and charges	(266)

• Additional government grants	(40)
Net under-spend compared with revised estimate	(21)
• Projected surplus at revised estimate	(94)
• Transfer to Budget Equalisation Reserve	115
	<u>0</u>

## Budget Monitoring

Revenue and capital budget monitoring information is reported throughout the year to Corporate Management Team and Heads of Service. Cabinet Portfolio Holders are also provided financial monitoring information regularly throughout the year and provided to Cabinet at specific times during the year. In addition, treasury management performance is reported to Cabinet and Council with reviews undertaken by the Corporate Governance Committee.

## Capital Spending and Funding

In 2019/20 the Council spent £4.916m on capital projects, which included Revenue Expenditure Funded from Capital under Statute (grants and loans to private sector home owners and support for community development), compared with the original budget of £5.91m and a revised budget of £5.51m.

The main items of capital expenditure in the year were improvements to the Hudson Leisure Centre (£0.832m), new leisure equipment (£0.632m), grant aid support to private sector home owners to make adaptations to their properties (£1.209m), investment in vehicles (£0.475m) and investments in parks and play equipment (£0.304m).

This expenditure was financed by capital grants, capital receipts and revenue contributions.

Capital receipts of £0.445m (net of costs) were realised in 2019/20 (2018/19: £0.131m).

## Revenue Balances

Set out in notes 26 and 27 to the core financial statements are the Council's reserves. As at 31 March 2020, the Council's uncommitted General Fund Balance stood at £2m and the total Earmarked Reserves balance stood at £6.763m.

Reserves are required to cover a number of potential unforeseen eventualities and risks of additional expenditure being required over and above that allowed for within budgets.

## Provisions and Contingencies

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2019/20 and earlier financial years in their proportionate share. Therefore, a

provision of £1.671m (Fenland's share) has been recognised for the best estimate of the amount that businesses are potentially due a refund at 31 March 2020.

## **Treasury Management**

The Local Government Act 2003 gave councils the freedom to determine how much they borrow for investment in new capital projects, subject to a regulation that such borrowing complies with the 'Prudential Code for Capital Finance in Local Authorities'. The Prudential Code looks to ensure affordability, prudence and sustainability in relation to determined borrowing limits. The Council determined the required Prudential Code indicators and Treasury Management Strategy as part of the budget process for 2019/20. No new borrowing was undertaken in 2019/20 and all investment activities were undertaken in accordance with the approved strategy.

The total loan debt was £7.8m at the year-end, unchanged from the previous year. Short-Term Investments (i.e. between 3-12 months) at the year-end amounted to £9.019m (£12.5m at 31<sup>st</sup> March 2019).

## **Pension Liabilities**

At 31 March 2020, the Council's share of the assets and liabilities of the Cambridgeshire LGPS show an estimated net liability of £49.115m. This liability has no impact on the level of the Council's available reserves.

Following the actuarial valuation as at 31 March 2016, the employer's contribution was set as a combination of a percentage of salary plus a lump sum. For the period 2017/18 – 2019/20 the rate has been set at 17.4% together with lump sum payments of £0.785m, in 2017/18, £0.825m in 2018/19 and £0.865m in 2019/20. The Council paid a lump sum of £1.624m in April 2018 as an advanced payment of the 2018/19 and 2019/20 lump sums, generating a discount of £0.066m. This has been accounted for in the accounts for the appropriate years.

The next actuarial valuation has been carried out as at 31 March 2019, with the employer's contribution again set as a combination of a percentage of salary plus a lump sum. For the period 2020/21 – 2022/23 the rate has been set at 17.4% together with lump sum payments of £0.865m, in 2020/21, £0.953m in 2021/22 and £1.041m in 2022/23. The Council paid a lump sum of £2.687m in April 2020 as an advance payment of the 2020/21 - 2022/23 lump sums, generating a discount of £0.172m. This will be accounted for in the accounts for the appropriate years.

Further information relating to the assets, liabilities, income and expenditure of the Council's pension scheme is detailed at note 39 to the financial statements.

## **Significant Transactions**

The actuarial valuation of the Council's Local Government Pension Scheme liabilities and pension reserve shown on the Balance Sheet have reduced by £15.3m during the year, from £64.401m at 31 March 2019 to £49.115m at 31 March 2020. This is mainly the result of the impact of the 31 March 2019 formal actuarial valuation which has led to significant asset and liability 're-measurement experience' changes relating to return on assets together with financial, demographic and other experience assumptions. In effect, the accounting figures are 'recalibrated' every three years following each formal valuation. These assumptions are determined by the Actuary and represent the market conditions at the reporting date. The Council relies and places assurance on the professional judgement

of the Actuary and the assumptions used to calculate this actuarial valuation. Further details are given in Note 39 of the core financial statements.

The Council engages Wilks Head and Eve to undertake valuations of the Council's asset base in accordance with the requirements set out in the CIPFA Code of Accounting Practice and the professional standards of the Royal Institute of Chartered Surveyors. All assets are formally re-valued at least every five years and an annual review is undertaken to ensure there has been no significant movement in the value of the Council's assets since they were last subject to formal valuation. Further details are given in Notes 13 and 27 of the core financial statements. Increases in the value of some of the Council's assets led to revaluation gains of £1.827m being recognised in the revaluation reserve. These gains were offset by downward movements in the value of other assets totalling £2.303m leading to a net debit to the revaluation reserve of £0.476m.

## 7. MEDIUM TERM FINANCIAL STRATEGY 2020/21 – 2024/25

This Council, in common with most other local authorities, faces an ongoing difficult position in the medium term due to a range of pressures including providing statutory services, ongoing pressures caused by maintaining and developing sources of income through fees and charges whilst managing the impact on revenue and capital budget of delivering against the Council's strategic priorities. However, the most significant factor that will impact on the budget will be the level of Government funding including the ongoing uncertainty in respect of changes to financing arrangements such as the proposal for 75% localisation of business rates and changes to the New Homes Bonus.

The Medium Term Financial Strategy (MTFS) as presented to Council on 20 February 2020, shows that the Council faces a continuing budget gap over the five years from April 2020. The following table summarises the position, showing a cumulative gap over the period to 2024/25 of £1.105m.

### Summary Medium Term Financial Strategy (February 2020)

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
<b>Expenditure</b>					
Net Service Expenditure	12,415	12,677	13,036	13,316	13,709
Corporate Items	-1,130	-803	-576	-431	-391
Contribution from Reserves	0	0	0	0	0
<b>Net Budget Requirement</b>	<b>11,285</b>	<b>11,874</b>	<b>12,460</b>	<b>12,885</b>	<b>13,318</b>
<b>Funding</b>					
Revenue Support Grant	0	0	0	0	0
Retained Business Rates	-3,702	-3,776	-3,851	-3,928	-4,007
Business Rates Collection Fund Deficit	311	0	0	0	0
Council Tax Collection Fund Surplus	-128	-50	-50	-50	-50
Council Tax (0% increase. Increases shown reflect expected changes in Council tax Base )	-7,766	-7,863	-7,961	-8,059	-8,156
<b>Total Funding</b>	<b>-11,285</b>	<b>-11,689</b>	<b>-11,862</b>	<b>-12,037</b>	<b>-12,213</b>
<b>Surplus(-)/Shortfall(+)</b>	<b>0</b>	<b>+185</b>	<b>+598</b>	<b>+848</b>	<b>+1,105</b>

The multi-year settlement announced in Autumn 2015 (covering the period 2016/17 – 2019/20), resulted in RSG disappearing in 2019/20 with the Business Rates Baseline Funding increasing by CPI inflation. The medium term projections detailed above exemplify this position with an inflationary increase of 2% from 2021/22 onwards.

### **Fair Funding Review**

The implementation of a revised approach to central government's allocation of financial resources to local government has been subject to considerable delay. The Government has now confirmed that it is looking to implement the Fair Funding Review in April 2022. Working groups continue to develop proposals for the Fair Funding Review and MHCLG have issued consultation papers on various aspects of the review.

To date, the consultations explore what factors should be taken into account in determining the needs and resources of local authorities. This is particularly important as these elements have a major impact on what the government determines individual authorities 'spending assessment' will be. The consultation documents imply that the government in assessing relative needs, favours a simpler distribution formula with fewer indicators based largely around population projections with deprivation removed from the formula. This could have a detrimental effect on this Council's funding. However, the options around relative resources (the ability of each authority to generate council tax income) could result in a transfer of funding from high tax-base (lower-need) authorities to low tax-base (higher-need) authorities, which could benefit this Council. At the current time, there is no reasonable assessment that can be made of the potential impact on this Council of the Fair Funding Review.

### **Future Changes to the Business Rates Retention System**

The implementation of the Fair Funding Review will happen alongside the implementation of changes to arrangements for the retention of income generated from business rates by local authorities. The content and character of any new system and its effect on Fenland District Council are unknown at this stage and therefore no adjustments have been made to the business rates funding within the MTFS. Nationally, the implementation of this scheme will be fiscally neutral.

The future changes to the Business Rates Retention system and the outcome of the Fair Funding Review are very significant risk areas for this Council, for district councils in particular and the local authority sector in general, over the medium term.

### **Council for the Future (CFF)**

Through its Comprehensive Spending Review (FDC-CSR), which was established in July 2015, the Council achieved considerable success in securing savings across a number of services. The estimated total net savings generated from the FDC-CSR proposals agreed previously at £1.667m will now amount to £1.8m by the end of 2020/21 with £1.65m achieved by the end of 2019/20. Changes implemented include the introduction of a garden waste subscription service with effect from 1 April 2017, the transfer of management of the Council's leisure centres with effect from December 2018 and the implementation of shared services model with Peterborough City Council for the delivery of CCTV.

Following all-out elections in May 2019, the new Cabinet has instigated a new programme of transformational change known as Council for the Future. A number of projects are being developed, including My Fenland which focusses on how the Council can improve



the way in which it uses technology to enhance the ways in which the Council provides services to its customers.

### **Combined Authority**

This Council is a constituent authority of the Cambridgeshire and Peterborough Combined Authority (CPCA) which was formally established following the Mayoral election in May 2017. The devolution deal for the CPCA includes a new £20m fund for the next 30 years (£600m) to support economic growth, development of local infrastructure and jobs. In addition, a new £100m housing fund is to be invested over the next five years to build more homes in Cambridgeshire and Peterborough including affordable, rent and shared ownership.

The Council has continued to work closely with Combined Authority to secure investment in the District. During the current financial year work on the production of masterplans for each of the four market towns was completed and this work was funded by the Combined Authority. The Council continues to work with the Combined Authority on a Stations Regeneration Programme which aims to enhance transport infrastructure across the District and there are also plans in place to increase the number of industrial units at the South Fens Business Centre drawing on grant funding allocated by the Combined Authority.

### **Covid 19**

In common with all local authorities the Council's finances have been significantly impacted by the Covid 19 pandemic. In the 2020/21 financial year the pandemic has resulted in additional expenditure across a range of services and led to reductions in income with regard to both individual services and income collected through local taxation, as reflected in the Collection Fund. Central government has provided financial support to local authorities to offset some of the financial impact of the pandemic. Nevertheless the ongoing impact of the pandemic will be prolonged and far-reaching. As explained in Note 41 to the financial statements, management has concluded that the Council remains a going concern. However, in the context of this narrative report it is important to note that the Medium Term Financial Strategy approved in February 2020, which is referred to above, will be subject to significant and frequent revision as a consequence of the impact of the pandemic.

## **8. EXPLANATION OF THE FINANCIAL STATEMENTS**

The Council's financial statements for the year 2019/20 are set out on pages 30 to 109. They consist of:

- the **Movement in Reserves Statement** – shows how the movement in reserves in the Balance Sheet is reconciled to the Comprehensive Income and Expenditure Account Deficit and what adjustments are required to be charged to the General Fund Balance for Council Tax setting purposes;
- the **Comprehensive Income and Expenditure Statement** (CIES)– a summary of the resources generated and consumed by the Council;
- the **Balance Sheet** - setting out the Council's financial position as at 31 March 2020;

- the **Cash Flow Statement** - which summarises the Council's inflows and outflows of cash for revenue and capital transactions for the year with third parties;
- the **Expenditure and Funding Analysis** – a summary of annual expenditure used and funded by the Council together with the adjustments required between funding and accounting basis to reconcile with the CIES;
- the **Collection Fund** – is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non – Domestic Rates (NNDR) and its distribution to precepting bodies.

The accounts referred to above are supported by **Accounting Policies**, which are in note 1 to the financial statements.

## 10. RESTATEMENT OF PRIOR YEAR COMPARATORS

Following the resignation of one of its Directors in May 2019 the Council restructured its operations. A structure whereby four Corporate Directors reported to the Chief Executive was replaced with a three directorate structure. The Council's internal financial reporting was altered to take account of this change and this is reflected within the Comprehensive Income and Expenditure Account, the Expenditure and Funding Analysis and the associated notes. Prior year comparators have been restated so that the equivalent financial information for the previous year is reported on the same basis.

## 11. FURTHER INFORMATION

Further information about these accounts is available from the Chief Accountant, Fenland Hall, County Road, March, Cambridgeshire, PE15 8NQ, (☎ 01354 622486).

This document forms part of the Council's policy of providing full information about the Council's affairs. In addition, interested members of the public have a statutory right to inspect the accounts.

## 12. CORPORATE DIRECTOR AND CHIEF FINANCE OFFICER'S CERTIFICATE

I certify that the financial statements set out on pages 27 to 111 present a true and fair view of the financial position of Fenland District Council at 31 March 2020 and its income and expenditure for the year then ended

**Signed:**

10 November 2020

**Peter Catchpole**

**Corporate Director and Chief Finance Officer**

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Corporate Director and Chief Finance Officer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the statement of accounts.

### The Chief Finance Officer's Responsibilities

The Corporate Director and Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Corporate Director and Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the Local Authority Code.

The Corporate Director and Chief Finance Officer has also:

- kept proper accounting records which were up to date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

**Signed:**

10 November 2020

**Peter Catchpole**  
**Corporate Director and Chief Finance Officer**

### Chairman's Declaration

I confirm these accounts were approved by the Corporate Governance Committee on 2<sup>nd</sup> November 2020 subject to formal delegation to myself and the Corporate Director and Chief Finance Officer. Signed on behalf of Fenland District Council

**Signed:**

10 November 2020

**Councillor John Clark, Chair of Corporate Governance Committee**

**CORE FINANCIAL STATEMENTS**  
**MOVEMENT IN RESERVES STATEMENT**

The Movement in Reserves statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

<b>2018/19</b>	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2018</b>	<b>2,422</b>	<b>7,321</b>	<b>6</b>	<b>158</b>	<b>9,907</b>	<b>(5,563)</b>	<b>4,344</b>
<b>Movement in reserves</b>							
Deficit on Provision of Services	(1,835)	0	0	0	(1,835)	0	(1,835)
Other Comprehensive Expenditure and Income	0	0	0	0	0	(8,151)	(8,151)
<b>Total Comprehensive Expenditure and Income</b>	<b>(1,835)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,835)</b>	<b>(8,151)</b>	<b>(9,986)</b>
Adjustments between accounting basis and funding basis under regulation (note 8)	2,395	0	(6)	267	2,656	(2,656)	0
<b>Net Increase/(Decrease) before Transfers (to)/from Earmarked Reserves</b>	<b>560</b>	<b>0</b>	<b>(6)</b>	<b>267</b>	<b>821</b>	<b>(10,807)</b>	<b>(9,986)</b>
Transfers to / (from) Earmarked Reserves (note 9)	(360)	360	0	0	0	0	0
<b>Increase/(Decrease) in 2018/19</b>	<b>200</b>	<b>360</b>	<b>(6)</b>	<b>267</b>	<b>821</b>	<b>(10,807)</b>	<b>(9,986)</b>
<b>Balance at 31 March 2019 carried forward</b>	<b>2,622</b>	<b>7,681</b>	<b>0</b>	<b>425</b>	<b>10,728</b>	<b>(16,370)</b>	<b>(5,642)</b>

<b>2019/20</b>							
	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2019</b>	2,622	7,681	0	425	10,728	(16,370)	(5,642)
<b>Movement in reserves</b>							
(Deficit) on Provision of Services	(4,207)	0	0	0	(4,207)	0	(4,207)
Other Comprehensive Expenditure and Income	0	0	0	0	0	18,576	18,576
<b>Total Comprehensive Expenditure and Income</b>	<b>(4,207)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,207)</b>	<b>18,576</b>	<b>14,369</b>
Adjustments between accounting basis and funding basis under regulation (note 8)	2,667	0	0	(150)	2,517	(2,517)	0
<b>Net Increase/(Decrease) before Transfers (to)/from Earmarked Reserves</b>	<b>(1,540)</b>	<b>0</b>	<b>0</b>	<b>(150)</b>	<b>(1,690)</b>	<b>16,059</b>	<b>(14,369)</b>
Transfers to / (from) Earmarked Reserves (note 9)	918	(918)	0	0	0	0	0
<b>Increase/(Decrease) in 2019/20</b>	<b>(622)</b>	<b>(918)</b>	<b>0</b>	<b>(150)</b>	<b>(1,690)</b>	<b>16,059</b>	<b>(14,369)</b>
<b>Balance at 31 March 2020 carried forward</b>	<b>2,000</b>	<b>6,763</b>	<b>0</b>	<b>275</b>	<b>9,038</b>	<b>(311)</b>	<b>8,727</b>

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2018/19 (Restated)			2019/20			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
1,845	(601)	1,244	Growth and Infrastructure	2,201	(1,189)	1,012
16,084	(8,711)	7,373	Communities, Environment, Leisure and Planning	14,580	(6,716)	7,864
32,251	(28,133)	4,118	Resources and Customer Services	31,062	(25,597)	5,465
<b>50,180</b>	<b>(37,445)</b>	<b>12,735</b>	<b>Cost of Services</b>	<b>47,843</b>	<b>(33,502)</b>	<b>14,341</b>
		2,731	Other operating expenditure (note 10)			2,567
		2,180	Financing and investment income and expenditure (note 11)			2,469
		<b>(15,811)</b>	Taxation and non-specific grant income (note 12)			<b>(15,170)</b>
		<b>1,835</b>	<b>Deficit on Provision of Services</b>			<b>4,207</b>
		<b>(136)</b>	(Surplus)/Deficit on revaluation of property, plant and equipment assets (note 27)			<b>476</b>
		<b>8,287</b>	Re-measurement of net defined benefit liability/ (asset) (note 39)			<b>(19,052)</b>
		<b>8,151</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(18,576)</b>
		<b>9,986</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(14,369)</b>

## BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2019		Note	31 March 2020
£000			
49,120	Property, Plant and Equipment	13	50,169
1,306	Investment Property	14	1,402
45	Intangible Assets	15	24
428	Long Term Debtors	16	404
<b>50,899</b>	<b>Long Term Assets</b>		<b>51,999</b>
12,520	Short Term Investments	17	9,019
76	Inventories	20	53
4,012	Short Term Debtors	21	5,148
8,114	Cash and Cash Equivalents	22	10,269
20	Assets held for sale		0
<b>24,742</b>	<b>Current Assets</b>		<b>24,489</b>
(36)	Short Term Borrowing	17	(36)
(157)	Short Term Finance Lease Liability	38	(163)
(6,273)	Short Term Creditors	23	(6,199)
(1,109)	Receipts in Advance	24	(2,534)
(1,101)	Provisions	25	(1,671)
<b>(8,676)</b>	<b>Current Liabilities</b>		<b>(10,603)</b>
(7,800)	Long Term Borrowing	19	(7,800)
(406)	Finance Lease Liability	38	(243)
<b>(64,401)</b>	<b>Defined Benefit Pension Liability</b>	39	<b>(49,115)</b>
<b>(72,607)</b>	<b>Long Term Liabilities</b>		<b>(57,158)</b>
<b>(5,642)</b>	<b>Net Assets/(Liabilities)</b>		<b>8,727</b>
10,728	Usable Reserves	26	9,038
(16,370)	Unusable Reserves	27	(311)
<b>(5,642)</b>	<b>Total Reserves</b>		<b>8,727</b>

The notes on page 35 to 111 form part of the financial statements.

**Signed:** **Corporate Director and Chief Finance Officer** 10 November 2020

## THE CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

<b>2018/19 £000</b>		<b>2019/20 £000</b>
<b>(1,835)</b>	<b>Net deficit on the provision of services</b>	<b>(4,207)</b>
5,873	Adjust net deficit on the provision of services for non-cash movements (note 28)	<b>4,519</b>
(1,405)	Adjust for items included in the net deficit on the provision of services that are investing and financing activities (note 28)	<b>(1,917)</b>
<b>2,633</b>	<b>Net cash flows from Operating Activities</b>	<b>(1,605)</b>
277	Investing Activities (note 29)	<b>2,164</b>
<b>(1,944)</b>	Financing Activities (note 30)	<b>1,596</b>
966	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,155</b>
7,148	Cash and cash equivalents at the beginning of the reporting period (note 22)	<b>8,114</b>
<b>8,114</b>	<b>Cash and cash equivalents at the end of the reporting period (note 22)</b>	<b>10,269</b>



## EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis (EFA) is a note to the Financial Statements, however, it is positioned here as it provides a link from the figures reported in the Council's Outturn Report to the CIES. The EFA shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by Local Council's in comparison with those resources consumed or earned by Council's in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

<b>2018/19 (Restated)</b>			<b>2019/20</b>			
Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting Basis (Note 6)	Net Expenditure in the CIES		Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting Basis (Note 6)	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
1,134	110	1,244	Growth and Infrastructure	1,210	(198)	1,012
4,021	3,352	7,373	Communities, Environment, Leisure and Planning	4,370	3,494	7,864
7,530	(3,412)	4,118	Resources and Customer Services	7,715	(2,250)	5,465
12,685	50	12,735	<b>Net Cost of Services</b>	13,295	1,046	14,341
<b>(12,885)</b>	<b>1,985</b>	<b>(10,900)</b>	Other Income and Expenditure	(12,673)	2,539	(10,134)
<b>(200)</b>	<b>2,035</b>	<b>1,835</b>	<b>(Surplus) or Deficit</b>	<b>622</b>	<b>3,585</b>	<b>4,207</b>
<b>2,422</b>			<b>Opening General Fund Balance</b>	<b>2,622</b>		
<b>200</b>			<b>Add/(Less) Surplus/(Deficit) on General Fund in Year</b>	<b>(622)</b>		
<b>2,622</b>			<b>Closing General Fund Balance at 31<sup>st</sup> March</b>	<b>2,000</b>		

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## **NOTES TO THE CORE FINANCIAL STATEMENTS**

### **1. ACCOUNTING POLICIES**

#### **i. GENERAL PRINCIPLES**

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31 March 2020. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and Service Reporting Code of Practice 2019/20, supported by International Financial Reporting Standards (IFRS). Policies have been consistently applied except for the policy in relation to heritage assets where some of the measurement rules are relaxed (details are provided in paragraph xi below).

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

#### **ii. ACCRUALS OF INCOME AND EXPENDITURE**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplied, received and their consumption, they are carried as inventories on the Balance Sheet. Exceptions to this principle include utility bills, maintenance contracts and other similar quarterly payments, which are charged at the date of billing rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.
- Expenses in relation to services received (including those rendered by the Council's officers) are recorded as expenditure when the services are received, rather than when payments are made.
- Interest payable on borrowings and receivable on investments are accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where there is evidence that debts are unlikely to be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### **iii. CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown that are repayable on demand and form an integral part of the Council's cash management.

### **iv. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **v. CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation/amortisation attributable to the assets used by the relevant service.
- Revaluation and Impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written-off.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by guidance). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction with

the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## **vi. COUNCIL TAX AND NON – DOMESTIC RATES**

The Council as billing authority, act as an agent, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principal, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

## **vii. EMPLOYEE BENEFITS**

### Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as salaries, paid annual leave, paid sick leave and non-monetary benefits for current employees and are recognised as an expense in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of these benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or the pensioner in the year, not the amount calculated according to

the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions enhancements and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### Post-Employment Benefits

Employees of the Council are members of the Local Government Pensions Scheme, administered by Cambridgeshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

### **The Local Government Pension Scheme**

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Cambridgeshire County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.3% (based on the yields of the constituents of the IBoxx £ Corporates AA index and the Council's weighted average duration).
- The assets of Cambridgeshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:

**quoted securities** – current bid price

**unquoted securities** – professional estimate

**unitised securities** – current bid price

**property** – market value

- The change in the net pensions liability is analysed into the following components:

Service cost comprising:

**current service cost** – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.

**past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

**net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council** – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the

period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

**the return on plan assets** – excluding amounts included in net interest on the net defined liability (asset) – charged to the Pensions Reserve as other Comprehensive Income and Expenditure.

**actuarial gains and losses** – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pension Reserves as Other Comprehensive Income and expenditure.

Contributions paid to the Cambridgeshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions limit the Council to raising Council Tax to cover the amounts payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

## **viii. FAIR VALUE MEASUREMENT**

The Council measures some of its non- financial assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting in their economic best interest).

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest



and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets: Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

## **ix. FINANCIAL INSTRUMENTS**

A financial asset or liability is recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the instrument. This will normally be the date that a contract is entered into but may be later if there are conditions that need to be satisfied.

Financial assets are recognised by the Council on the Balance Sheet only when goods or services have been provided or rendered to a third party. Financial liabilities are recognised when the goods or services ordered from a third party have been received by the Council and the third party has performed its contractual obligations.

### **Financial Liabilities**

Financial liabilities are initially measured at fair value and are subsequently carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the

Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

## **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) [separate accounting policy is required where an authority holds financial instruments at fair value through other comprehensive income].

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to private individuals at nil interest and the loans form a charge on the individual's properties. This means that market rates of interest have not been charged and these loans are classed as "soft loans". When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at the real effective rate of interest with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains or losses that arise on the de-recognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

## **Expected Credit Loss Model**

The authority recognises expected credit losses on all of its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

## **x. GOVERNMENT GRANTS AND CONTRIBUTIONS**

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or condition is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## **xi. HERITAGE ASSETS**

Heritage assets are held by the Council principally for their contribution to knowledge or culture. The heritage assets held by this Council are monuments, war memorials, public clocks, civic regalia and operational historic buildings in cemeteries.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The historical cemetery buildings are operational assets accounted for at depreciated replacement cost within Property, Plant and Equipment in the Balance Sheet.

The remaining heritage assets are not recognised in the financial statements as no information is available on the cost.

The Council is of the view that obtaining valuations for these assets would involve a disproportionate cost in comparison to the benefits that would be provided to the users of the Council's financial statement.

These assets are recorded in the asset register of the Council and detailed records are kept on each asset.

## **xii. INTANGIBLE ASSETS**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are initially measured at cost. Amounts are only revalued where the current value of the assets held by the Council can be determined by reference to an active market. In practice no intangible assets held by the Council meet this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired; any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## **xiii. INVENTORIES**

Inventories are valued at latest price, with an allowance made for obsolete and slow moving items. While this is a departure from the requirements of the Code of Practice on Local Authority Accounting and IAS 2, which require inventories to be shown at the lower of cost and net realisable value, the effect of the different treatment is not material.

#### **xiv. INVESTMENT PROPERTY**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

#### **xv. LEASES**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings element are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

##### The Council as Lessee

##### **Finance Leases**

Property, plant and equipment held under a finance lease are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to the lessor. Indirect costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and

- a finance charge (debited to Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation, revaluation or impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Operating Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, generally meaning that rentals are charged when they become payable.

#### The Council as Lessor

### **Operating Leases**

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

#### **xvi. OVERHEADS AND SUPPORT SERVICES**

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

#### **xvii. PROPERTY, PLANT AND EQUIPMENT**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an

asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred. Assets valued at less than £10,000 are not normally recognised in the Balance Sheet. The exception to this principal relates to land holdings which may have a current value of less than £10,000 but where they meet the Assets Held for Sale criteria. The total value of such assets does not materially affect the Property, Plant and Equipment disclosure note.

## Measurement

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value, unless the acquisition will not increase the cash flows of the Council. In the latter case, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction – depreciated historical cost.
- Surplus assets – the current value measurement basis is fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialised nature of an asset, depreciated replacement cost is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, the loss is accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service revenue line(s) in the Comprehensive income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

## **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset is written down against the relevant service revenue line(s) in the Comprehensive income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## **Depreciation**

Depreciation is provided on Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and Community Assets) and assets that are not yet available for use (i.e. Assets Under Construction).

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the balance sheet, as advised by a suitably qualified officer.
- Infrastructure – straight – line allocation up to 40 years.

Where an item of Property, Plant and Equipment has major components with different estimated useful lives and whose cost is significant in relation to the total cost of the item, the components are depreciated separately.



Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been charged on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

### **Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less cost to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposal (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Disposal proceeds in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against Council Tax, as the cost of Property, Plant and Equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **xviii. PROVISIONS**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

#### **xix. CONTINGENT LIABILITIES**

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognized in the Balance Sheet but disclosed in a note to the accounts.

#### **xx. CONTINGENT ASSETS**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

#### **xxi. RESERVES**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and they do not represent usable resources for the Council – these reserves are explained in the relevant policies below.

**xxii. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset (e.g. renovation grants) has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of Council Tax.

**xxiii. VALUE ADDED TAX (VAT)**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

The Council has complied with the Code of Practice on Local Authority Accounting, with the exception of its inventory policy as stated above. Despite this departure from the code, management has concluded that the accounts present a true and fair view of the Council's financial position, financial performance and cash flows.

## **2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

Under the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) the Council is required to disclose information setting out the expected impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2020/21 Code:

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

The Council does not anticipate these changes will have a material impact on its financial statements.

CIPFA/Local Authority Accounts Advisory Committee (LASAAC) have deferred implementation of IFRS16 Leases for local government to 1 April 2021. The standard will require local authorities who are lessees to recognise, where applicable, leases on their balance sheet as right of use assets, with corresponding lease liabilities (there is no recognition for low value and short-term leases).

### 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in note 1 to the financial statements, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgement made in the financial statements is:

#### Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1st April 2013, the Council is liable for successful appeals against business rates charged to businesses in 2019/20 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31st March 2020. The estimate has been calculated using the latest Valuation Office (VOA) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of total provision up to and including 31st March 2020. The Council's share of the balance of business rate appeals provisions held at this date amounted to £1.671m. This has increased by £0.57m from the previous year.

### 4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The financial statements contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The following items in the Council's Balance Sheet as at 31 March 2020 for which there is a significant risk of material adjustments in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	<p>Depreciation and amortisation are provided for Property, Plant and Equipment and Intangible assets respectively. This enables the assets to be written down to their residual value over their estimated useful lives and show an appropriate cost of the use of the asset in the Comprehensive Income and Expenditure Statement.</p> <p>Management judgement is used to determine the useful economic lives of the Plant and Equipment. The Council's valuers provide estimates for the useful life of property assets.</p> <p>The methodology for valuing properties at Depreciated Replacement Cost (DRC), e.g. Leisure Centres, includes an adjustment for obsolescence as deemed reasonable by the Council's valuers and</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £15k for every year that useful life is reduced.</p> <p>A reduction of 10% in the value of assets valued on the basis of Existing-Use-Value and Fair Value would reduce the carrying value of</p>

	<p>management</p> <p>Additionally, it should be noted that the valuation of Property Plant and Equipment reflected in the Balance Sheet is based on the professional assessment of the Council's valuers as at 3<sup>rd</sup> April 2020. The valuers have indicated that given the impact of Covid 19 their valuations were being reported on the basis of 'material valuation uncertainty' in accordance with professional guidance. The valuers noted that this means 'less certainty –and a higher degree of caution –should be attached to their review/valuation than would normally be the case'.</p> <p>Prior to approving these accounts for issue the Council obtained an updated report from its valuers to ascertain whether the 'material valuation uncertainty' referred to in the earlier reported dated 3<sup>rd</sup> April 2020 was still applicable. Wilks, Head and Eve confirmed in a report dated 27<sup>th</sup> July 2020 that whilst the valuation profession believed 'material valuation uncertainty' was still present within the economy a whole, there was little or no evidence to suggest that the property types within the Council's asset portfolio were affected specifically by the effects of the pandemic.</p>	<p>Investment Property by £140,000 and the value of Property, Plant Equipment by £1.9m</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension's liability of changes in individual assumptions can be measured. For example:</p> <ul style="list-style-type: none"> <li>(i) a 0.5% decrease in the real discount rate assumption would result in an increase in the pension liability of £11.861m</li> <li>(ii) a 0.5% increase in the salary increase rate would result in an increase in the pension liability of £1.169M</li> <li>(iii) a 0.5% increase in the pension increase rate would result in an increase in the pension liability of £10.591m.</li> </ul> <p>However, the assumptions</p>

		interact in complex ways, so care should be taken when looking at changes in one variable in isolation.
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**5. MATERIAL ITEMS OF INCOME AND EXPENDITURE**

There are no material items of income and expenditure which are not otherwise disclosed on the face of the Core Financial Statements or accompanying notes.

## 6. EXPENDITURE AND FUNDING ADJUSTMENTS ANALYSIS

Adjustments between Funding and Accounting Basis 2019/20	Adjustments for Capital Purposes (Note i) £000	Net Change for the Pensions Adjustment (Note ii) £000	Other Differences (Note iii) £000	Total Adjustments £000
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts</b>				
Growth and Infrastructure	164	(197)	(165)	(198)
Communities, Environment, Leisure and Planning	1,187	840	1,467	3,494
Resources and Customer Services	318	315	(2,883)	(2,250)
<b>Net Cost of Services</b>	<b>1,669</b>	<b>958</b>	<b>(1,581)</b>	<b>1,046</b>
<b>Other Income and Expenditure from the Expenditure and Funding Analysis</b>	<b>(282)</b>	<b>1,977</b>	<b>844</b>	<b>2,539</b>
<b>Difference between General Fund Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>1,387</b>	<b>2,935</b>	<b>(737)</b>	<b>3,585</b>



<b>Adjustments between Funding and Accounting Basis 2018/19 (Restated)</b>	<b>Adjustments for Capital Purposes (Note i) £000</b>	<b>Net Change for the Pensions Adjustment (Note ii) £000</b>	<b>Other Differences (Note iii) £000</b>	<b>Total Adjustments £000</b>
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts</b>				
Growth and Infrastructure	202	25	(117)	110
Communities, Environment, Leisure and Planning	1,224	697	1,431	3,352
Resources and Customer Services	91	(557)	(2,946)	(3,412)
<b>Net Cost of Services</b>	<b>1,517</b>	<b>165</b>	<b>(1,632)</b>	<b>50</b>
<b>Other Income and Expenditure from the Expenditure and Funding Analysis</b>	<b>(257)</b>	<b>1,582</b>	<b>660</b>	<b>1,985</b>
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>1,260</b>	<b>1,747</b>	<b>(972)</b>	<b>2,035</b>

**Note (i): Adjustments for Capital Purposes**

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

**Other Operating Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

**Financing and Investment Income and Expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

**Taxation and Non-Specific Grant Income and Expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions of for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or where conditions attached to the grant were satisfied in the year.

## Note (ii): Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

**For Services** – this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

For **Financing and Investment Income and Expenditure** – the net interest on the defined benefit liability is charged to the CIES.

## Note (iii): Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

The charge under **Taxation and Non-Specific Grant Income and Expenditure** represents the difference between what is chargeable under statutory regulations for Council Tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

## Segmental Income

Fees, charges and other service income is analysed by segment as follows:

<b>Services</b>	<b>2019/20 Income from Services £000</b>	<b>Restated 2018/19 Income from Services (Restated) £000</b>
Growth and Infrastructure	(212)	(161)
Communities, Environment, Leisure and Planning	(5,003)	(6,467)
Resources and Customer Services	(543)	(69)
Financing and Investment Income	(2,146)	(2,355)
<b>Total Fees, charges and other service income</b>	<b>(7,904)</b>	<b>(9,052)</b>

## 7. EXPENDITURE AND INCOME ANALYSED BY NATURE

The Council's expenditure and income is analysed as follows:

<b><u>Expenditure/Income</u></b>	<b>2019/20 £000</b>	<b>2018/19 £000</b>
<b><u>Expenditure</u></b>		
Employee Benefits Expenses	15,495	14,988
Other Service Expenses	34,622	38,513
Depreciation, Revaluation, Amortisation and Impairment	1,462	1,569
Interest Payments	500	507
Precepts and Levies	3,291	3,266
Gain on the Disposal of Assets	(261)	(95)
<b>Total Expenditure</b>	<b>55,109</b>	<b>58,748</b>
Fees, Charges and Other Service Income	(7,904)	(9,052)
Interest and Investment Income	(212)	(190)
Income from Council Tax and Non-Domestic Rates	(12,623)	(12,631)
Government Grants and Other Contributions	(30,163)	(35,040)
<b>Total Income</b>	<b>(50,902)</b>	<b>(56,913)</b>
<b>Deficit on Provision of Services</b>	<b>4,207</b>	<b>1,835</b>

## **8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

### **General Fund Balance**

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

### **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

### **Capital Grants Unapplied Account**

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/ or the financial year in which this can take place.

2019/20	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>				
Charges for depreciation and impairment of non-current assets	1,595	0	0	(1,595)
Revaluation Surplus on Property, Plant and Equipment	(58)	0	0	58
Movements in the market value of Investment Properties	(97)	0	0	97
Amortisation of intangible assets	21	0	0	(21)
Capital grants and contributions that have been applied to capital financing	(1,472)	0	0	1,472
Revenue expenditure funded from capital under statute	1,673	0	0	(1,673)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	185	0	0	(185)
<b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>				
Statutory provision for the financing of capital investment	(242)	0	0	242
Capital expenditure charged against General Fund Balance	(1,539)	0	0	1,539
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(445)	445	0	0
Use of Capital Receipts Reserve to finance new Capital expenditure	0	(445)	0	445

2019/20	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(15)	0	15	0
Capital Grants Unapplied applied to Financing of Capital Expenditure	0	0	(165)	165
<b>Adjustments primarily involving the LGPS Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	5,240	0	0	(5,240)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,304)	0	0	2,304
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which Council Tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from the Council Tax and non-domestic rating income calculated for the year in accordance with statutory requirements	111	0	0	(111)
<b>Adjustments primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	14	0	0	(14)
<b>Total Adjustments</b>	<b>2,667</b>	<b>0</b>	<b>(150)</b>	<b>2,517</b>

2018/19	Usable Reserves			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied Account £000	Movement in Unusable Reserves £000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b><u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>				
Charges for depreciation and impairment of non-current assets	1,655	0	0	(1,655)
Revaluation Surplus on Property, Plant and Equipment	(123)	0	0	123
Movements in the market value of Investment Properties	(4)	0	0	4
Amortisation of intangible assets	42	0	0	(42)
Capital grants and contributions that have been applied to capital financing	(1,113)	0	0	1,113
Revenue expenditure funded from capital under statute	1,194	0	0	(1,194)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	15	0	0	(15)
<b><u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u></b>				
Statutory provision for the financing of capital investment	(151)	0	0	151
Capital expenditure charged against General Fund Balance	(1,091)	0	0	1,091
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(110)	110	0	0
Use of Capital Receipts Reserve to finance new Capital expenditure	0	(138)	0	138
Miscellaneous Capital receipts	0	4	0	(4)
Transfer of deferred capital receipts to useable capital receipts reserve on receipt of cash	0	18	0	(18)

2018/19	Usable Reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Movement in Unusable Reserves
	£000	£000	£000	£000
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(297)	0	297	0
Capital Grants Unapplied applied to Financing of Capital Expenditure	0	0	(30)	30
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are Different from finance costs chargeable in the year in accordance with statutory requirements	46	0	0	(46)
<b>Adjustments primarily involving the LGPS Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	4,087	0	0	(4,087)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,340)	0	0	2,340
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which Council Tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from the Council Tax and non-domestic rating income calculated for the year in accordance with statutory requirements	667	0	0	(667)
<b>Adjustments primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on An accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(82)	0	0	82
<b>Total Adjustments</b>	<b>2,395</b>	<b>(6)</b>	<b>267</b>	<b>(2,656)</b>



## 9. TRANSFERS (TO)/FROM EARMARKED RESERVES

This note sets out the amounts set aside from the General Fund Balance in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure in 2019/20.

	Note	Balance at 1 April 2018	Movements in year		Balance at 31 March 2019	Movements in year		Balance at 31 March 2020
			Receipts	Applied		Receipts	Applied	
		£000	£000	£000	£000	£000	£000	£000
Travellers Sites	1	282	23	0	305	41	(24)	322
Maintenance -Station Road, Whittlesey	2	9	3	0	12	3	(13)	2
CCTV	3	105	0	(4)	101	10	(63)	48
Invest to Save	4	120	0	0	120	0	(36)	84
Conservation	5	54	0	(50)	4	0	(4)	0
Management of Change Reserve	6	1,321	0	(118)	1,203	0	(255)	948
Neighbourhood Planning Reserve	7	185	0	0	185	0	(185)	0
Specific Grants Reserve	8	1,039	723	(125)	1,637	55	(622)	1,070
Personal Search Fees	9	115	0	0	115	0	(115)	0
Community Projects	10	12	0	0	12	0	(12)	0
Local Government Resource Review	11	500	556	0	1,056	0	(335)	721
Capital Contribution Reserve	12	1,247	96	(923)	420	1,054	(1,133)	341
Port – Buoy Maintenance	13	147	0	0	147	0	0	147
Pilots' National Pension Fund	14	451	0	(451)	0	0	0	0
Repairs & Maintenance Reserve	15	543	100	0	643	51	(57)	637
Development Fund	16	1,000	0	0	1,000	0	(1,000)	0
Wisbech High St HLF Reserve	17	191	0	(39)	152	0	(38)	114
Local Plan Reserve	18	0	451	0	451	0	(451)	0
Solid Wall Remediation	19	0	100	0	100	0	0	100
Street Lighting	20	0	18	0	18	6	0	24
Investment Strategy Reserve	21	0	0	0	0	1,350	0	1350
Budget Equalisation Reserve	22	0	0	0	0	315	0	315
Planning Reserve	23	0	0	0	0	636	(139)	497
Covid 19	24	0	0	0	0	43	0	43
<b>Total</b>		<b>7,321</b>	<b>2,070</b>	<b>(1,710)</b>	<b>7,681</b>	<b>3,564</b>	<b>(4,482)</b>	<b>6,763</b>

### Notes

1. The Travellers Sites Reserve is used to fund future maintenance programmes.

2. The Station Road, Whittlesey Reserve was set up in 2004/05, to finance future maintenance costs in relation to the un-adopted estate road. Contributions are received annually from the Companies who have purchased the freehold of individual sites.
3. CCTV Reserve is to provide for future plant and equipment requirements.
4. The Invest to Save Reserve was set up for services to “borrow” from in order to finance ways of producing savings. The reserve will be used to fund schemes in the Council’s ‘Keen to be Green’ strategy for carbon reduction.
5. The Conservation Reserve was set up to purchase, renovate and subsequently re-sell difficult properties of local importance where intervention by this Council is seen as the only solution. Following a review of reserves by Cabinet in January 2020 it was determined that this reserve was no longer required and the balance was re-allocated.
6. The Management of Change Reserve was established for the effective management of any organisational changes required to meet the Council’s future priorities.
7. The Neighbourhood Planning Reserve was created to assist the Council with delivering the ‘Neighbourhood Planning’ objective and delivery of the new Development Plan. Following a review of reserves by Cabinet in January 2020 it was determined balance should be transferred to a new Planning Reserve.
8. Specific grants received in year but not spent. Balance available to fund specific spending commitments in future years.
9. Available to off-set potential restitution claims associated with the revocation of the personal search fees of the local land charges register.
10. Available to assist local community projects.
11. The Local Government Resource Review Reserve was established to assist the Council in delivering the localisation of council tax support and business rates retention from 2013/14.
12. The Capital Contributions Reserve was set-up to provide funding for future capital schemes.
13. The Port Buoy Maintenance Reserve was established to provide funding for future buoy maintenance to windfarms.
14. The Pilots’ National Pension Fund Reserve was established to provide funding for future liabilities that might arise resulting from Pilots membership of the scheme. This reserve was no longer required after all serving pilots transferred to the Local Government Pension Scheme. Therefore the balance was re-allocated during the 2018-19 financial year.
15. The Repairs and Maintenance Reserve was established in 2016/17 to provide funding for one-off schemes, not covered by the normal Repairs and Maintenance revenue budgets.
16. A Development Fund was established in 2016/17 to enable progression of future development and property schemes. Following a review of reserves by Cabinet in January 2020 it was determined that this reserve was no longer required. Following the approval of

a Commercial and Investment Strategy by the Council Cabinet approved the transfer of the balance held in this reserve to an Investment Strategy Reserve in January 2020.

17. The Wisbech High Street Heritage Lottery Fund Reserve was established in 2017/18 to facilitate work on grant-funded projects on buildings located in Wisbech High Street.
18. The Local Plan Reserve has been established in 2018/19 to fund the costs of preparing an updated local plan. Following a review of reserves by Cabinet in January 2020 it was determined balance should be transferred to a new Planning Reserve.
19. The Solid Wall Remediation Reserve has been established in 2018/19 to fund potential costs linked to solid wall installations in the District.
20. The Street Lighting Reserve has been established in 2018/9 to fund future repairs and maintenance relating to street lighting.
21. The Investment Strategy Reserve was established following a meeting of Cabinet held in January 2020. The purpose of the reserve is to enable the Council to take forward projects approved in accordance with the Council's Commercial and Investment Strategy.
22. The Budget Equalisation Reserve was established in January 2020. The purpose of the reserve is hold surpluses achieved in previous financial years so that these are available to cover deficits returned in future years should the Council wish to do so.
23. The Planning Reserve was established in January 2020 using balances held previously in the Local Plan Reserve and the Neighbourhood Planning Reserve.
24. The Covid 19 Reserve was established in March 2020 to hold funding received from central government in March 2020 to respond to the Covid 19 pandemic.

## 10. OTHER OPERATING EXPENDITURE

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Parish Council Precepts	1,364	1,361
Council Tax Support Grant – Payments to Parish Councils	0	30
Drainage Board Levies	1,464	1,435
Loss/(Gain) on the Disposal of Non-Current Assets	(261)	(95)
<b>Total</b>	<b>2,567</b>	<b>2,731</b>

## 11. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	<b>2019/20</b> <b>£000</b>	<b>2018/19</b> <b>£000</b>
Deficit on Trading Accounts	771	464
Interest payable and similar charges	502	507
Interest on the net defined pension liability	1,576	1,487
Interest receivable and similar income	(215)	(190)
Income and expenditure in relation to investment properties and changes in their fair value	(165)	(88)
<b>Total</b>	<b>2,469</b>	<b>2,180</b>

## 12. TAXATION AND NON-SPECIFIC GRANT INCOME

	<b>2019/20</b> <b>£000</b>	<b>2018/19</b> <b>£000</b>
Council Tax income	(9,123)	(8,934)
Net share of business rate income	(3,076)	(3,269)
Non-ring-fenced Government grants	(2,780)	(3,114)
Capital grants and contributions	(191)	(494)
<b>Total</b>	<b>(15,170)</b>	<b>(15,811)</b>

### 13. PROPERTY, PLANT AND EQUIPMENT

Movements in 2019/20:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Asset Under Construction	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
At 1 April 2019	34,148	15,978	124	7,917	1,492	5,097	64,756
Additions	1,270	1,599	76	280	0	0	3,225
Revaluation Surplus/(Deficit) recognised in the Revaluation Reserve	419	0	0	0	0	(1,406)	(987)
Revaluation Surplus/(Deficit) recognised in the Deficit on the Provision of Services	158	0	0	0	(15)	(85)	58
Transfers	0	0	0	0	0	16	16
Disposals	0	(390)	0	0	0	(185)	(575)
<b>At 31 March 2020</b>	<b>35,995</b>	<b>17,187</b>	<b>200</b>	<b>8,197</b>	<b>1,477</b>	<b>3,437</b>	<b>66,493</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2019	(382)	(12,214)	0	(2,952)	(88)	0	(15,636)
Depreciation charge	(364)	(772)	0	(288)	0	0	(1,424)
Depreciation charge to the Revaluation Reserve	(171)	0	0	0	0	0	(171)
Depreciation charge written out to the Revaluation Reserve	516	0	0	0	0	0	516
Depreciation charge written out in respect of Disposals	0	391	0	0	0	0	391
<b>At 31 March 2020</b>	<b>(401)</b>	<b>(12,595)</b>	<b>0</b>	<b>(3,240)</b>	<b>(88)</b>	<b>0</b>	<b>(16,324)</b>
<b>Net Book Value</b>							
<b>At 31 March 2020</b>	<b>35,594</b>	<b>4,592</b>	<b>200</b>	<b>4,957</b>	<b>1,389</b>	<b>3,437</b>	<b>50,169</b>
<b>At 31 March 2019</b>	<b>33,766</b>	<b>3,764</b>	<b>124</b>	<b>4,965</b>	<b>1,404</b>	<b>5,097</b>	<b>49,120</b>

Comparative Movements in 2018/19:

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Asset Under Construction	Infrastructure Assets	Community Assets	Surplus Assets	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>							
At 1 April 2018	34,271	15,108	41	7,751	1,492	5,097	63,760
Additions	528	870	83	166	0	0	1,647
Revaluation Surplus/(Deficit) recognised in the Revaluation Reserve	(728)	0	0	0	0	0	(728)
Revaluation Surplus/(Deficit) recognised in the Deficit on the Provision of Services	77	0	0	0	0	0	77
<b>At 31 March 2019</b>	<b>34,148</b>	<b>15,978</b>	<b>124</b>	<b>7,917</b>	<b>1,492</b>	<b>5,097</b>	<b>64,756</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2018	(638)	(11,507)	0	(2,659)	(88)	0	(14,892)
Depreciation charge	(365)	(707)	0	(293)	0	0	(1,365)
Impairment (losses)/reversals recognised in the Surplus/(Deficit) on Provision of Services	(141)	0	0	0	0	0	(141)
Depreciation charge to the Revaluation Reserve	(149)	0	0	0	0	0	(149)
Depreciation written out to the Surplus/Deficit on Provision of Services	47	0	0	0	0	0	47
Depreciation charge written out to the Revaluation Reserve	864	0	0	0	0	0	864
<b>At 31 March 2019</b>	<b>(382)</b>	<b>(12,214)</b>	<b>0</b>	<b>(2,952)</b>	<b>(88)</b>	<b>0</b>	<b>(15,636)</b>
<b>Net Book Value</b>							
<b>At 31 March 2019</b>	<b>33,766</b>	<b>3,764</b>	<b>124</b>	<b>4,965</b>	<b>1,404</b>	<b>5,097</b>	<b>49,120</b>
<b>At 31 March 2018</b>	<b>33,633</b>	<b>3,601</b>	<b>41</b>	<b>5,092</b>	<b>1,404</b>	<b>5,097</b>	<b>48,868</b>

## **Fair Value Hierarchy**

All the Council's surplus assets and investment properties have been assessed as Level 2 on the fair value hierarchy for valuation purposes (see accounting policy note 1 viii for an explanation of the fair value levels).

## **Valuation Techniques Used to Determine Level 2 Fair Values for Surplus Assets and Investment Properties**

The fair value of surplus assets and investment properties have been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for surplus assets or investment properties

## **Highest and Best Use**

In ascertaining the fair value of the Council's surplus assets and investment properties the ultimate aim is to arrive at the notional 'Highest and Best use value' for the asset either as a stand-alone asset or in combination with other assets within the principal market whilst ensuring that any alternative use is physically, legally and financially possible.

This has been achieved, for these purposes, by comparing the 'current use' of the asset to the notional 'alternative use' based on potential redevelopment on a land value basis for the site(s).

## **Valuation Process for Investment Properties**

The Council's investment properties have been valued as at 31 March 2020 by Wilks Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

## **Depreciation**

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings – Up to 50 years
- Vehicles, Plant, Furniture & Equipment – 5-20 years
- Infrastructure – Up to 40 years

## **Capital Commitments**

At 31 March 2020 the Council had contractual capital commitments of £0.723m (31 March 2019 £0.246m).

## Revaluations

A full re-valuation of all assets valued at fair value was undertaken at 1 April 2015. Valuations of high value assets are updated by way of an annual review. All assets required to be valued at current value are re-valued at least every 5 years.

In addition, the Council instructs its valuers annually to undertake a market review of all land and property assets, to ensure that the carrying value of those assets is not materially different from their fair value at the end of the reporting period.

The Council arranged for the valuation of all of its leisure centres as at 31 March 2020 as a material amount was spent on the refurbishment of the Hudson Leisure Centre during the 2019/20 financial year.

All valuations were carried out externally by Wilks Head & Eve in accordance with the professional standards of the Royal Institution of Chartered Surveyors. The basis for valuations is set out in the accounting policies, Note 1 of the financial statements. Further information relating to the circumstances concerning the valuations can be found in Note 4. This note confirms that their valuations were being reported on the basis of 'material valuation uncertainty' in accordance with professional guidance. The valuers noted that this means 'less certainty –and a higher degree of caution –should be attached to their review/valuation than would normally be the case'.

Prior to approving these accounts for issue the Council obtained an updated report from its valuers to ascertain whether the 'material valuation uncertainty' referred to in the earlier reported dated 3rd April 2020 was still applicable. Wilks, Head and Eve confirmed in a report dated 27th July 2020 that whilst the valuation profession believed 'material valuation uncertainty' was still present within the economy a whole, there was little or no evidence to suggest that the property types within the Council's asset portfolio were affected specifically by the effects of the pandemic.

The following table analyses the Council's Property, Plant and Equipment according to when it was last revalued. It includes those assets held at historical cost valuation in accordance with the requirements of the CIPFA Code of Accounting Practice. All other assets have been revalued in accordance with the process explained above

	Land & Buildings £000	Infrastructure Assets £000	Community Assets £000	Vehicles, Plant & Equipment £000	Surplus Assets £000	Total £000
Valued at historical cost	0	4,592	1,389	4,957	0	10,938
Valued at current/fair value as at:						
31 March 2016	2,703	0	0	0	0	2,703
31 March 2019	56	0	0	0	0	56
31 March 2020	32,835	0	0	0	3,437	36,272
<b>Total</b>	<b>35,594</b>	<b>4,592</b>	<b>1,389</b>	<b>4,957</b>	<b>3,437</b>	<b>49,969</b>



## 14. INVESTMENT PROPERTY

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Rental income from investment property	(69)	(84)
Loss/(Gain) on revaluation of investment property	(96)	(4)
Net (Gain)/Loss	<b>(165)</b>	<b>(88)</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or carry out repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Balance at start of the year	1,306	1,302
Net gain/(loss) from fair value adjustments	96	4
Balance at end of the year	<b>1,402</b>	<b>1,306</b>

### Fair Value Hierarchy

All the Council's investment properties have been assessed as Level 2 on the fair value hierarchy for valuation purposes (see accounting policy note 1 viii and note 13 to the core financial statements for an explanation of the fair value levels).

## 15. INTANGIBLE ASSETS

Purchased software licences are held for a variety of IT systems. All software is given a 5 year finite useful life, based on assessments of the period that the software is expected to be used by the Council and to be consistent with the general policy for all capitalised IT purchases.

The carrying amount of intangible assets is amortised on a straight line basis in line with the Council's general depreciation/amortisation policy. The amortisation of £21k charged to revenue in 2019/20 is charged to the IT cost centre and then absorbed as an overhead across all service headings in the Net Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

	2019/20	2018/19
	£000	£000
<b>Balance at start of year</b>		
Gross Carrying amount	1,498	1,486
Accumulated amortisation	(1,453)	(1,411)
<b>Net carrying amount at start of year</b>	<b>45</b>	<b>75</b>
Additions	0	12
Amortisation for the year	(21)	(42)
<b>Net carrying amount at end of year</b>	<b>24</b>	<b>45</b>
<b>Comprising:</b>		
Gross carrying amounts	1,498	1,498
Accumulated amortisation	<b>(1,474)</b>	<b>(1,453)</b>

## 16. LONG TERM DEBTORS

Long term debtors which fall due after a period of at least one year:

	31 March 2020	31 March 2019
	£000	£000
Mortgages	51	52
Private sector housing improvement loans	213	190
Employee car loans	140	186
<b>Total</b>	<b>404</b>	<b>428</b>

## 17. FINANCIAL INSTRUMENTS

### Categories of financial instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Carrying amount	
	31 March 2020	31 March 2019
	£000	£000
<b>Financial liabilities</b>		
<b>(Measured at Amortised Cost)</b>		
Long Term Liabilities	(7,800)	(7,800)
Short Term Borrowings	(36)	(36)
Creditors	(3,601)	(3,589)
	<b>(11,437)</b>	<b>(11,425)</b>

<b>Financial Assets (Measured at Amortised Cost)</b>		
Debtors	2,627	2,521
Cash & Cash Equivalents	10,269	8,114
Investments	9,019	12,520
	<b>21,915</b>	<b>23,155</b>

### Income, expense, gains and losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	<b>Financial Liabilities</b>	<b>Financial Assets</b>	<b>Total</b>
	<b>31 March 2020</b>	<b>31 March 2020</b>	<b>31 March 2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Interest Income – soft loans	0	(10)	(10)
Interest and Investment Income	0	(205)	(205)
Increase in allowance for expected credit losses	0	79	79
Interest payable and similar charges	521	0	521
Net loss for year	<b>521</b>	<b>(136)</b>	<b>385</b>

	<b>Financial Liabilities</b>	<b>Financial Assets</b>	<b>Total</b>
	<b>31 March 2019</b>	<b>31 March 2019</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Interest Income – soft loans	0	(9)	(9)
Interest and Investment Income	0	(181)	(181)
Increase in allowance for expected credit losses	0	394	394
Interest payable and similar charges	571	0	571
Net loss for year	<b>571</b>	<b>204</b>	<b>775</b>

Realised and unrealised gains and losses, interest and other items of income and expense are accounted for in the financial year to which they relate and are shown at actual value paid or received.

The increase in the allowance for expected credit losses reflects the additional amount required in the year which is chargeable to the Comprehensive Income and Expenditure Statement.

## 18. FAIR VALUE OF ASSETS AND LIABILITIES

Financial liabilities and financial assets (loans and receivables) are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (level 2 on the fair value hierarchy, see accounting policy note 1 viii ), using the following assumptions:

- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to the fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.
- For loans from the Public Works Loan Board (PWLB), new borrowing rates have been applied from the PWLB to provide fair value disclosures at the balance sheet date. As an alternative, the Debt Management Office provides a fair value valuation under PWLB debt redemption procedures calculated without undertaking a repayment or transfer.
- For other market debt, PWLB (new certainty) prevailing market rates have been applied to provide the fair value disclosures at the balance sheet date.

As at 31 March 2020 the Council held £21.915m financial assets and £11.437m liabilities for which level 3 valuations will not apply. All the financial assets are classed as loans and receivables and held within Notice Accounts. The financial liabilities are held with PWLB and market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, for all long-term liabilities we have used a financial model valuation provided by Link Asset Services. This valuation applies the net present value approach, which provides an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses new borrowing rates to discount the future cash flows.

In accordance with advice received from Link Asset Services the fair value of all financial instruments classified as being short-term in the balance sheet has been assumed to be the same as the book value.

	<b>Carrying Amount 31 March 2020</b>	<b>Fair Value 31 March 2020</b>	<b>Carrying Amount 31 March 2019</b>	<b>Fair Value 31 March 2019</b>
	£000	£000	£000	£000
<b>Financial liabilities</b>				
Long Term Liabilities	(7,800)	(11,863)	(7,800)	(12,183)
Short Term Borrowing	(36)	(36)	(36)	(36)
Creditors	(3,601)	(3,601)	(3,589)	(3,589)
	<u>(11,437)</u>	<u>(15,500)</u>	<u>(11,425)</u>	<u>(15,808)</u>
<b>Loans &amp; Receivables</b>				
Total Debtors	2,627	2,627	2,521	2,521
Cash & Cash Equivalents	10,269	10,269	8,114	8,114
Investments	9,019	9,019	12,520	12,520
	<u>21,915</u>	<u>21,915</u>	<u>23,155</u>	<u>23,155</u>
<b>Total</b>	<u>10,478</u>	<u>6,415</u>	<u>11,730</u>	<u>7,347</u>

The fair value of long-term liabilities are greater than the carrying amount due to the Council's portfolio of loans consisting of a number of fixed rate loans, where the interest payable is higher than the rates available for similar loans at the Balance Sheet date. The fair value of creditors is taken to be the invoiced amount.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, termed the PWLB Certainty interest rates. As a result of its PWLB commitments for fixed rate loans a comparison of the terms of these loans with the new borrowing rates available from the PWLB has been used to calculate the fair value. If a value is calculated on this basis, the carrying amount of £4.532m would be valued at £6.696m. But, if the Council were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge, based on the redemption interest rates, for early redemption of £3.322m for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £7.854m.

This redemption charge is a supplementary measure of the fair value of the PWLB loans of £7.854m. It measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date, which has been assumed as the PWLB redemption interest rates. The difference between the carrying amount and the fair value, measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

## 19. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk – the possibility that the Council might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the Council as a result of factors such as changes in interest rates movements.

### How the Council Manages These Risks

The Council's overall risk management programme focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

#### ***Credit Risk***

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. In addition, the Investment strategy also limits maximum amounts and time limits to be deposited in respect of each financial institution. Additional selection criteria are also applied after this initial criteria is applied. Full details of the Investment Strategy can be found on the Council's website.

Deposits are not made with banks and financial institutions unless they meet the minimum criteria laid out within the creditworthiness service provided by Capita Asset Services (see Annual Investment Strategy). A maximum of £5m is allowed to be invested (£10m with the Council's approved bank) within any one approved institution for up to 5 years. Unlimited overnight investments levels are allowed with the Council's approved bank.

At 31 March 2020 there was a maximum of £5m with approved counterparties and a maximum of 2 times this limit may be invested in total with counterparties belonging to the same group.

In light of the above investment strategy, the Council considers that it has taken all reasonable steps to reduce to a minimum any exposure to credit risks in relation to investments at 31 March 2020 and that any residual risk cannot be quantified.

The following table shows the original sums of investments at 31 March analysed by the nature of financial institution and remaining period to maturity.

31 March 2020	Maturity Bands			Total
	Less than 3 Months	3 Months to 6 Months	6 Months to 1 year	
	£000	£000	£000	
Banks	6,300	5,000	0	11,300
Building Societies	3,000	0	0	3,000
Local Authorities	4,000	0	0	4,000
	<b>13,300</b>	<b>5,000</b>	<b>0</b>	<b>18,300</b>

31 March 2019	Maturity Bands			Total
	Less than 3 Months	3 Months to 6 Months	6 Months to 1 year	
	£000	£000	£000	
Banks	4,700	5,000	0	9,700
Building Societies	3,500	0	0	3,500
Local Authorities	7,000	0	0	7,000
	<b>15,200</b>	<b>5,000</b>	<b>0</b>	<b>20,200</b>

The simplified approach is used to determine the provision for expected credit losses for trade debtors. A matrix is used to determine the appropriate level of provision. The likelihood of a debtor not fulfilling their obligations is assessed based on the Council's experience of securing payment in previous financial years for debt where the credit period had been exceeded adjusted to reflect the Council's understanding of how economic trends expected to prevail over the medium-term may impact on the prospect of the Council securing the payments due.

For financial assets not classified as a trade debtor, the provision for expected credit losses is based upon an assessment of the extent to which credit risk associated with individual assets has increased since initial recognition. The following factors are taken into account:

- the Council normally only allows counterparties credit of 14 days. If this period has been exceeded without contact from the counterparty this is likely to be indicative of an increase in the credit risk associated with the financial asset;
- the Council permits some customers to pay off their outstanding balance in instalments. If two or more instalments have been missed this is likely to be indicative of an increase in the credit risk associated with the financial asset; and
- the Council regularly reviews outstanding balances to determine if circumstances have arisen which make the debt eligible for write-off in accordance with the Council's policy on write-offs. Write-offs are approved promptly and arrangements are in place to ensure outstanding proposals for write-off are actioned prior to each Balance Sheet date.

The changes in the loss allowance during the year analysed according to the method using to calculate the expected credit loss is shown in the table below:

	<b>12-Month Expected Credit Losses</b>	<b>Lifetime Expected Credit Losses – Not Credit Impaired</b>	<b>Lifetime Expected Credit Losses – Simplified Approach</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Opening Balance at 1 April 2019</b>	0	299	62	361
New Financial Assets Originated or Purchased	0	0	0	0
Amounts Written Off	0	0	(25)	(25)
Changes in Model/ Risk Parameters	0	(6)	25	19
<b>As at 31 March 2020</b>	0	293	62	355

	<b>12-Month Expected Credit Losses</b>	<b>Lifetime Expected Credit Losses – Not Credit Impaired</b>	<b>Lifetime Expected Credit Losses – Simplified Approach</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Opening Balance at 1 April 2018</b>	0	386	44	430
New Financial Assets Originated or Purchased	0	0	0	0
Amounts Written Off	0	0	(8)	(8)
Changes in Model/ Risk Parameters	0	(87)	26	(61)
<b>As at 31 March 2019</b>	0	299	62	361



The Council has the following exposure to credit risk at 31 March 2020.

<b>Basis for Calculation of Expected Credit Loss</b>	<b>Gross Carrying Amount 31 March 2020 £000</b>	<b>Gross Carrying Amount 31 March 2019 £000</b>
12-Month Expected Credit Losses	741	594
Lifetime Expected Credit Losses – Not Credit Impaired	293	299
Lifetime Expected Credit Losses – Simplified Approach	1,593	1,628

### **Liquidity Risk**

As the Council has ready access to borrowings from the PWLB, it does not face any significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

All financial liabilities as at 31 March 2020 are due within one year, apart from long term borrowings and finance lease liabilities. The maturity analysis of long term borrowing is as follows:

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
Between 5 and 10 years	<b>2,000</b>	<b>2,000</b>
Between 10 and 15 years	<b>2,500</b>	<b>2,500</b>
Between 30 and 35 years	<b>3,300</b>	<b>3,300</b>
<b>Total</b>	<b>7,800</b>	<b>7,800</b>

All trade and other payables are due to be paid in less than one year.

### **Market Risk – Interest Rate Risk**

The Council is exposed to minimal risk in respect of adverse interest rate movements in its investments. This is because fixed rate investments are of less than one year in duration and the changes to fair value will be minimal. The Council does, however, utilise “call accounts” for short term deposits and the interest rate on these accounts move in line with the bank base rate. In general terms, a rise in interest rates would have the following effects:

- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall.

The Council’s treasury management officers play a pro-active role in assessing interest rate exposure that feeds into the Council’s annual budget setting process and which is used to revise budget projections as necessary during the financial year. The assessment procedures indicate that if interest rates were one percentage point higher, with all other variables held constant, the effect in 2019/20 would have been a reduction in income of £51,000 (£54,000 reduction in 2018/19).

The impact of a one percentage point fall in interest rates would be the reverse of the net effect identified in the table above. The Code of Practice on Local Authority Accounting 2019/20 suggests a sensitivity analysis of one percentage point.

## 20. INVENTORIES

	<b>Total (General &amp; Vehicle)</b>	
	<b>2019/20 £000</b>	<b>2018/19 £000</b>
<b>Balance outstanding at start of year</b>	76	94
Purchases	331	340
Recognised as an expense in the year	(355)	(358)
<b>Balance outstanding at year-end</b>	<b>52</b>	<b>76</b>

## 21. SHORT TERM DEBTORS

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
Central Government bodies	1,633	510
Trade Receivables	1,236	1,245
Other	2,279	2,257
<b>Total</b>	<b>5,148</b>	<b>4,012</b>

Each line item is presented net of a provision for expected credit losses. Details of the Council's approach to determining the level of provision required is explained in Note 19 to the financial statements.

## 22. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
Cash held by the Council	9,308	7,711
Bank Current Accounts	961	403
<b>Total Cash and Cash Equivalents</b>	<b>10,269</b>	<b>8,114</b>

## 23. SHORT TERM CREDITORS

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>
Central Government bodies	1,942	1,725
Trade	1,332	1,551
Other entities and individuals	2,925	2,997
<b>Total</b>	<b>6,199</b>	<b>6,273</b>

The Council has received a number of developer's contributions that have yet to be recognised as income as they have conditions attached to them that require the monies to be returned to the giver if not used as prescribed. This liability is included within the 'Other Entities and Individuals' category in the table above at a value of £1,787,110 (2018/19: £1,801,910).

## 24. RECEIPTS IN ADVANCE

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>
Central Government Bodies	1,535	0
Council Tax receipts in advance	231	258
Business Rates receipts in advance	60	165
Trade	21	26
Garden Waste receipts in advance	640	613
Other	47	47
<b>Total</b>	<b>2,534</b>	<b>1,109</b>

## 25. PROVISIONS

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	1,101	693
Additional Provision	570	408
Utilised in Year	0	0
<b>Balance at 31 March</b>	<b>1,671</b>	<b>1,101</b>

Included within Provisions are amounts set aside to meet potential future liabilities for Business Rates Appeals.

## 26. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and notes 8 and 9 of the financial statements.

## 27. UNUSABLE RESERVES

	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>
Revaluation Reserve	17,082	17,894
Capital Adjustment Account	32,613	31,732
Financial Instruments Adjustment Account	(303)	(303)
Pensions Reserve LGPS	(49,115)	(65,232)
Collection Fund Adjustment Account	(376)	(264)
Accumulated Absences Account	(212)	(197)
<b>Total</b>	<b>(311)</b>	<b>(16,370)</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>17,894</b>	<b>17,907</b>
Upward revaluation of assets	1,827	708
Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services	(2,303)	(572)
Surplus on revaluation of non-current assets not posted to the Deficit on the Provision of Services	(476)	136
Difference between fair value depreciation and historical cost depreciation	(171)	(149)
Accumulated gains on assets sold or scrapped	(165)	0
Amount written off to the Capital Adjustment Account	(336)	(149)
<b>Balance at 31 March</b>	<b>17,082</b>	<b>17,894</b>

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 8 of the financial statements provide details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2019/20 £000	2018/19 £000
<b>Balance at 1 April</b>	<b>31,732</b>	<b>31,831</b>
Charges for depreciation and impairment of non-current assets	(1,595)	(1,655)
Revaluation Surplus/(Deficit) on Property, Plant and Equipment	58	123
Amortisation of intangible assets	(21)	(42)
Revenue expenditure funded from capital under statute	(1,674)	(1,194)
Private Sector Housing Loans	0	(4)
Amounts of non-current assets written off on disposal or sale as part of the gain on disposal to the Comprehensive Income and Expenditure Statement	(184)	(15)
Write Down of Deferred Capital Receipt	0	12
Adjusting amounts written out of the Revaluation Reserve	171	149
Use of the Capital Receipts Reserve to finance new capital expenditure	445	138
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,472	1,113
Application of grants to capital financing from the Capital Grants Unapplied Account	165	30
Transfer from Revaluation Reserve in respect of Non-Current assets sold or scrapped	166	0
Statutory provision for the financing of capital investment charged against the General Fund Balance	242	151
Capital expenditure charged against the General Fund Balance	1,539	1,091
Movements in the market value of Investment Properties credited to the Comprehensive Income and Expenditure Statement	97	4
<b>Balance at 31 March</b>	<b>32,613</b>	<b>31,732</b>

## Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2019/20 £000	2018/19 £000
<b>Balance at 1 April</b>	<b>(303)</b>	<b>(257)</b>
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	14	4
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(14)	(50)
<b>Balance at 31 March</b>	<b>(303)</b>	<b>(303)</b>

## Pension Reserve – Local Government Pension Scheme

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require a benefit earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2019/20 £000	2018/19 £000
<b>Balance at 1 April</b>	<b>(65,232)</b>	<b>(55,198)</b>
Re-measurements of the net defined benefit liability	19,052	(8,287)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(5,240)	(4,087)
Employer's pensions contributions and direct payments to pensioners payable in the year	2,305	2,340
<b>Balance at 31 March</b>	<b>(49,115)</b>	<b>(65,232)</b>

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2019/20 £000	2018/19 £000
<b>Balance at 1 April</b>	<b>(264)</b>	<b>403</b>
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(112)	(667)
<b>Balance at 31 March</b>	<b>(376)</b>	<b>(264)</b>

## Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2019/20 £000	£000	2018/19 £000	£000
<b>Balance at 1 April</b>		<b>(197)</b>		<b>(279)</b>
Settlement or cancellation of accrual made at the end of the preceding year	197		279	
Amounts accrued at the end of the current year	(212)		(197)	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(15)			82
<b>Balance at 31 March</b>		<b>(212)</b>		<b>(197)</b>

## 28. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

a) Adjust net deficit on the provision of services for non-cash movements.

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Depreciation	1,595	1,514
Impairment & downward/upward revaluations	(58)	18
Amortisation	21	42
Increase/(decrease) in impairment for bad debts	(21)	499
Increase/(decrease) in Creditors	527	258
(Increase)/decrease in Debtors	(1,166)	1,282
Decrease/(Increase) in inventories	24	18
Movement in pension liability	2,935	1,747
Contribution to/(from) provisions	570	408
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	185	3
Movement in fair value of investment properties	(97)	(4)
Other non-cash transactions	4	88
	<b>4,519</b>	<b>5,873</b>

b) Adjust for items included in the net deficit on the provision of services that are investing and financing activities.

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Miscellaneous capital receipts	0	(19)
Capital grants credited to the deficit on the provisions of services	(1,504)	(1,295)
Proceeds from the sale of property, plant and equipment	(413)	(91)
	<b>(1,917)</b>	<b>(1,405)</b>

c) Interest received and interest paid.

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Interest received	216	179
Interest paid	(503)	(507)
	<b>287</b>	<b>328</b>



## 29. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	2019/20 £000	2018/19 £000
Purchase of property, plant and equipment, investment property and intangible assets	(3,053)	(1,546)
Purchase of short-term investments	(24,000)	(34,000)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	381	91
Proceeds from short-term investments	27,500	34,500
Other payments for investing activities	(28)	(115)
Other receipts from investing activities	1,364	1,347
<b>Net cash flows from investing activities</b>	<b>2,164</b>	<b>277</b>

## 30. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2019/20 £000	2018/19 £000
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(157)	(152)
Other (payments)/receipts for financing activities	1,753	(1,792)
<b>Net cash flows from financing activities</b>	<b>1,596</b>	<b>(1,944)</b>

### RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 April 2019 £000	Financing Cash Flows £000	31 March 2020 £000
Long Term Borrowing	7,800	0	7,800
Lease Liabilities	563	(157)	406
<b>Total Liabilities from financing activities</b>	<b>8,363</b>	<b>(157)</b>	<b>8,206</b>

## 31. TRADING OPERATIONS

Included within the expenditure figures below are capital charges (depreciation, revaluation and impairment) which are reversed out of the General Fund Balance through the Movement in Reverses Statement to ensure there is no impact on the Council's Taxpayer.

### Market Undertaking

The Council operates outdoor markets in March, Chatteris and Whittlesey.

	<b>2019/20</b> <b>£000</b>	<b>2018/19</b> <b>£000</b>
Expenditure	90	88
Income	(17)	(22)
<b>Deficit Before Capital Charges</b>	<u>73</u>	<u>66</u>
Capital Charges	4	4
<b>Deficit Taken to General Fund</b>	<u>77</u>	<u>70</u>

### Port Undertaking

The Council is the statutory Port Authority for the Port of Wisbech. Financial results were as follows:

	<b>2019/20</b> <b>£000</b>	<b>2018/19</b> <b>£000</b>
Expenditure	1,155	1,126
Income	(901)	(1,097)
<b>Deficit Before Capital Charges</b>	<u>254</u>	<u>29</u>
Capital Charges	252	271
<b>Deficit Taken to General Fund</b>	<u>506</u>	<u>300</u>

## Mini-factories, Estates and Office Units

The Council operates 69 mini-factory units located in March, Chatteris and Wisbech. South Fens Business Centre, Chatteris offers 45 office and 8 workspace units. The Boathouse, Wisbech offers 37 office units. Estate areas amounting to 44.5 acres are operated by the Council. Financial results were as follows:

	<b>2019/20</b> <b>£000</b>	<b>2018/19</b> <b>£000</b>
Expenditure	1,146	1,001
Income	(857)	(824)
<b>Deficit Before Capital Charges</b>	<b>289</b>	<b>177</b>
Capital Charges	16	46
<b>Deficit Taken to General Fund</b>	<b>305</b>	<b>223</b>

## Trade Waste

The financial results for Trade Waste were as follows:

	<b>2019/20</b> <b>£000</b>	<b>2018/19</b> <b>£000</b>
Expenditure	260	250
Income	(378)	(379)
<b>(Surplus) taken to General Fund</b>	<b>(118)</b>	<b>(129)</b>

There are currently no capital charges in relation to Trade Waste.

## 32. MEMBERS' ALLOWANCES

The Council paid the following amounts to members of the Council during the year. Full details can be found on the Council's website. Details of payments to individual members are published annually in a local newspaper and on the Council's website.

	<b>2019/20</b> <b>£000</b>	<b>2018/19</b> <b>£000</b>
Allowances	317	311
Expenses	16	19
<b>Total</b>	<b>333</b>	<b>330</b>

### 33. EMPLOYEES' REMUNERATION

The following table sets out the remuneration disclosures for senior officers who received more than £50,000 per year.

#### Senior Officers Remuneration

Name	Note	Year	Gross Salary	Benefits in Kind (e.g. car allowance)	Total Remuneration (excl. Pension contributions)	Employers Pension Contributions	Total Remuneration (incl. pension contributions)
			£	£	£	£	£
Chief Executive		<b>2019/20</b>	<b>146,037</b>	<b>2,000</b>	<b>148,037</b>	<b>25,410</b>	<b>173,447</b>
		2018/19	143,173	2,000	145,173	24,912	170,085
Corporate Director and Chief Finance Officer	1	<b>2019/20</b>	<b>87,743</b>	<b>8,400</b>	<b>96,143</b>	<b>15,267</b>	<b>111,411</b>
		2018/19	9,729	950	10,679	1,693	12,372
Corporate Director and Chief Finance Officer	2	<b>2019/20</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
		2018/19	42,150	4,223	46,373	3,782	50,155
Corporate Director and Monitoring Officer	3	<b>2019/20</b>	<b>81,489</b>	<b>8,400</b>	<b>89,889</b>	<b>15,217</b>	<b>105,106</b>
		2018/19	59,306	8,400	67,706	15,082	82,788
Corporate Director		<b>2019/20</b>	<b>87,743</b>	<b>8,400</b>	<b>96,143</b>	<b>15,019</b>	<b>111,162</b>
		2018/19	86,023	8,400	94,423	14,968	109,391
Corporate Director	4	<b>2019/20</b>	<b>16,430</b>	<b>1,447</b>	<b>17,877</b>	<b>2,629</b>	<b>20,506</b>
		2018/19	86,023	8,400	94,423	14,968	109,391

**Note 1:** The current Corporate Director and Chief Finance Officer took up their position on 19<sup>th</sup> February 2019.

**Note 2:** The previous Corporate Director and Chief Finance Office left their position on 1 July 2018. The annualised salary was £86,023. For the period 2 July – 12 August 2018, the Council engaged an officer employed by Peterborough City Council to act as its Chief Finance Officer. The Council paid Peterborough City Council £9,000 for this officer's service. For the period 13 August 2018 – 28 February 2019, the Council appointed, through a contract with Penna Plc, an interim Corporate Director and Chief Finance Officer. The cost of this contract was £106,296.

**Note 3:** The post holder returned from maternity leave on 29 April 2019. Whilst the post holder was on maternity leave the Council paid Peterborough City Council £6,168.79 for the services of an Acting Monitoring Officer for the period 1 April 2019 to 28 April 2019 on the basis of three days per week. In the previous year the Council paid Peterborough City Council £43,182 for the services of an Acting Monitoring Officer for the period 2 September 2018 to 31 March 2019 to cover the postholder's maternity leave on the basis of three days per week.

**Note 4:** The Corporate Director left the council on 2 June 2019. The annualised salary was £87,743. Following the Corporate Director's departure a decision was made to remove the post from the establishment and restructure the Council's operations with three Corporate Directors reporting to the Chief Executive.

The numbers of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 are shown in the table below.

Remuneration Band	Number of Employees	
	2019/20 Total	2018/19 Total
£50,000 - £54,999	9	9
£55,000 - £59,999	8	6
£60,000 - £64,999	4	6
£65,000 - £69,999	2	1
£75,000 - £79,999	0	1
£85,000 - £89,999	1	0
£90,000 - £94,999	0	2
£95,000 - £99,999	2	0
£145,000 - £149,999	1	1

The band changes from 2018/19 to 2019/20 are due to pay progression within individual's terms and conditions, the nationally agreed cost of living increases and a severance payment to one post made redundant during 2019/20.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below. The exit packages arose from a programme of service staffing reviews.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19 £000	2019/20 £000
£0 - £20,000	0	0	7	3	7	3	47	34
£20,001- £40,000	0	0	1	0	1	0	37	0
£40,001- £60,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>3</b>	<b>8</b>	<b>3</b>	<b>84</b>	<b>34</b>
Total cost included in Comprehensive Income and Expenditure							84	34

#### 34. EXTERNAL AUDIT COSTS

In 2019/20 Fenland District Council incurred the following fees relating to external audit and inspection:

	<b>2019/20</b> <b>£000</b>	<b>2018/19</b> <b>£000</b>
Fees payable with regard to external audit services carried out by the appointed auditor	40	39
Fees payable for the certification of grant claims and returns	15	15
<b>Total Audit Costs</b>	<b>55</b>	<b>54</b>

## 35. GRANT INCOME

The Council credited the following significant grants and contributions to the Comprehensive Income and Expenditure Statement in 2019/20:

	2019/20 £000	2018/19 £000
<b>Credited to Taxation and Non Specific Grant Income</b>		
Revenue Support Grant	0	444
Net Share of Business Rate Income	3,076	3,269
New Homes Bonus Grant	1,293	1,426
Capital Grants and Contributions	191	494
Business Rate Reliefs Funded by Government	1,486	1,244
<b>Total</b>	<b>6,046</b>	<b>6,877</b>
<b>Credited to Services</b>		
Housing Benefit Subsidy	22,706	26,651
Capital Grants and Contributions	1,172	900
Housing Benefits/Local Council Tax Support Admin	410	449
NNDR Cost of Collection	122	123
Homelessness Prevention	398	565
Controlling Migration	408	1,113
New Burdens Grant	117	154
Covid-19	73	0
Other	439	162
<b>Total</b>	<b>25,845</b>	<b>30,117</b>

## 36. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council. No material related party transaction balances remain outstanding at year end.

### Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from Government departments are set out in note 7 Expenditure and Income Analysed by Nature, to the core financial statements.

### Members

A number of elected members are also members of Cambridgeshire County Council, Town and Parish Councils and have an interest in voluntary organisations that are grant aided by the Council.

### Entities Controlled or Significantly Influenced by the Council

The Anglia Revenue Partnership (ARP) Joint Committee was set up to deliver the Housing Benefit, Council Tax and Business Rates service for Breckland Council and Forest Heath District Council. East Cambridgeshire District Council joined the partnership on 1 April 2007 and formally joined the Joint Committee in October 2010. St Edmundsbury Council joined the new Joint Committee on 1 April 2011. Waveney District Council, Fenland District Council and Suffolk Coastal joined the partnership on 1 April 2014. The seven authorities hold equal voting rights but shares in costs and surpluses arising from the arrangement are based on an agreed share which is reviewed annually.

This Council's share for 2019/20 was 13.53%. This Council's share of partnership transactions and balances are included within the relevant lines within the accounts.

With effect from 1<sup>st</sup> April 2019, following the mergers of Forest Heath and St Edmundsbury Councils (to form West Suffolk) and Waveney and Suffolk Coastal Councils (East Suffolk), ARP now consists of 5 partner authorities.

### 37. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2019/20 £000	2018/19 £000
<b>Opening Capital Financing Requirement</b>	<b>1,211</b>	<b>766</b>
<i>Capital investment</i> (as reported in notes 13-15)		
Property, Plant and Equipment	3,226	1,647
Intangible Assets	0	12
<i>Capital expenditure charged to Comprehensive Income and Expenditure Statement</i>		
Revenue Expenditure Funded from Capital under Statute	1,673	1,194
Private Sector Housing Loans	27	114
<b>Sources of finance</b>		
Capital receipts	(445)	(138)
Government grants and other contributions	(1,637)	(1,142)
Sums set aside from revenue:		
Direct revenue contributions	(1,539)	(1,091)
Minimum Revenue Provision (MRP)	(242)	(151)
<b>Closing Capital Financing Requirement</b>	<b>2,274</b>	<b>1,211</b>
<b>Explanation of movements in year</b>		
Capital Expenditure Funded from Internal Borrowing	1,305	597
MRP charge to Revenue	(242)	(151)
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>1,063</b>	<b>446</b>



## 38. LEASES

### Council as Lessee

#### Finance Leases

The Council leases a number of vehicles under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment (Vehicles, Plant, Furniture and Equipment) in the Balance Sheet at £432,280 (2018/19: £591,480).

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the assets acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding.

The minimum lease payments are made up of the following amounts:

	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
Finance lease liabilities (net present value of minimum lease payments):		
• current	163	157
• non –current	243	406
Finance costs payable in future years	25	44
Minimum lease payments	<b>431</b>	<b>607</b>

The minimum lease payments will be payable over the following periods:

	<b>Minimum Lease Payments</b>		<b>Finance Lease Liabilities</b>	
	<b>31 March 2020</b>	<b>31 March 2019</b>	<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Not later than one year	176	176	163	157
Later than one year and not later than five years	255	431	243	406
Later Than 5 Years	0	0	0	0
	<b>431</b>	<b>607</b>	<b>406</b>	<b>563</b>

#### Operating Leases - Vehicles, Plant and Equipment

Previously the Council leased fitness equipment by entering into operating leases, with typical lives of three to five years. All such lease arrangements were terminated during the 2019-20 financial year.

### Operating Leases - Land and Buildings

The Council previously leased two properties to operate the Wisbech and March Fenland @ Your Service. Both leases ended during the 2019-20 financial year. The Council leases nine properties for homeless families.

The future minimum lease payments due under non-cancellable leases in future years are:

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
Not later than one year	51	74
Later than one year and not later than five years	0	50
	<b>51</b>	<b>124</b>

Lease payments for 2019/20 amounted to £50,336 (2018/19: £105,054).

### Council as Lessor

#### Operating Leases

The Council leases out land and property under operating leases for the purposes of provision of community (sports facilities) and economic development services.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	<b>31 March 2020 £000</b>	<b>31 March 2019 £000</b>
Not later than one year	81	82
Later than one year and not later than five years	44	60
Later than five years	411	427
	<b>536</b>	<b>569</b>

## 39. DEFINED BENEFIT PENSION SCHEMES

### (i) The Local Government Pension Scheme

#### Participation in pension scheme

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. The Council participates in the following pension scheme:

- The Local Government Pension Scheme for civilian employees, administered by Cambridgeshire County Council – this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

## Transactions Relating to Post-Employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions are charged across all service headings in the Net Cost of Services in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

	<b>Local Government Pension Scheme</b>	
<b>Comprehensive Income and Expenditure Statement</b>	<b>2019/20</b>	<b>2018/19</b>
	<b>£000</b>	<b>£000</b>
<i>Cost of Services:</i>		
• Current service cost	3,589	3,296
• Past Service Cost (including curtailments)	75	0
• Effect of settlements	0	(696)
<i>Financing and Investment Income and Expenditure</i>		
• Interest income on scheme assets	(1,861)	(2,010)
• Interest cost on defined benefit obligation	3,437	3,497
<i>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	<b>5,240</b>	<b>4,087</b>
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
Remeasurement of the net defined benefit liability comprising:		
• Return on plan assets (excluding the amount included in the net interest expense)	7,147	(2,931)
• Actuarial gains and losses arising on changes in demographic assumptions	(3,062)	0
• Actuarial gains and losses arising on changes in financial assumptions	(11,383)	11,166
• Other	(11,754)	52
<i>Total Remeasurement (Gains)/Losses</i>	<b>(19,052)</b>	8,287
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	<b>(13,812)</b>	<b>12,374</b>
<i>Movement in Reserves Statement:</i>		
• Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(2,935)	(1,747)
Actual amount charged against General Fund Balance for pensions in the year:		
• Employers' contributions payable to scheme	<b>1,474</b>	<b>3,171</b>

## Pension Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme	
	2019/20	2018/19
	£000	£000
Present value of funded liabilities	(119,545)	(141,300)
Present value of unfunded liabilities	(1,047)	(1,221)
Fair value of plan assets	71,477	78,120
<b>Net liability arising from defined benefit obligation</b>	<b>(49,115)</b>	<b>(64,401)</b>

## Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	Local Government Pension Scheme	
	2019/20	2018/19
	£000	£000
Opening fair value of scheme assets	78,120	75,020
Effect of Settlements	0	(2,510)
Interest income	1,861	2,010
Remeasurement gain/(loss):		
• The return on plan assets, excluding the amount included in the net interest expense	(7,147)	2,931
Contributions from employer	1,474	3,171
Contributions from employees into the scheme	543	563
Benefits paid	(3,374)	(3,065)
<b>Closing fair value of scheme assets</b>	<b>71,477</b>	<b>78,120</b>

## Reconciliation of Present Value of the Scheme Liabilities

Local Government Pension Scheme		
	2019/20	2018/19
	£000	£000
Opening balance at 1 April	(142,521)	(130,218)
Current service cost	(3,589)	(3,296)
Past service cost (including curtailments)	(75)	0
Effect of Settlements	0	3,206
Interest cost	(3,437)	(3,497)
Contributions from scheme participants	(543)	(563)
Re-measurement gains and (losses):		
• Actuarial gains/losses arising from changes In demographic assumptions	3,062	0
• Actuarial gains/losses arising from changes in financial assumptions	11,383	(11,166)
• Other experience	11,754	(52)
Benefits paid	3,374	3,065
<b>Closing balance at 31 March</b>	<b>(120,592)</b>	<b>(142,521)</b>

## Local Government Pension Scheme assets comprised:

Fair Value of Scheme Assets								
Asset Category	2019/20				2018/19			
	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets	Quoted prices in active markets £000	Quoted prices not in active markets £000	Total £000	% of Total Assets
<b>Equity Securities:</b>								
Consumer	0	0	0	0%	2,309	0	2,309	3%
Manufacturing	0	0	0	0%	1,475	0	1,475	2%
Energy and Utilities	0	0	0	0%	1,806	0	1,806	2%
Financial Institutions	0	0	0	0%	2,992	0	2,992	4%
Health and Care	0	0	0	0%	470	0	470	1%
Information and Technology	0	0	0	0%	468	0	468	1%
<b>Debt Securities:</b>								
UK Government	0	3,698	3,698	5%	0	1,941	1,941	2%
<b>Private Equity:</b>								
All	0	5,858	5,858	8%	0	6,373	6,373	8%
<b>Real Estate:</b>								
UK Property	0	5,344	5,344	7%	0	0	0	0%
Overseas Property	0	1	1	0%	0	0	0	0%

<b>Investment Funds and Unit Trusts:</b>								
Equities	0	43,295	43,295	61%	0	42,510	42,510	54%
Bonds	0	4,844	4,844	7%	0	7,484	7,484	9%
Infrastructure	0	6,440	6,440	9%	0	2,922	2,922	4%
Other	0	0	0	0%	0	6,136	6,136	8%
<b>Derivatives:</b>								
Other	0	870	870	1%	0	0	0	0%
<b>Cash and Cash Equivalents:</b>								
All	1,078	0	1,078	2%	1,188	0	1,188	2%
<b>TOTALS</b>	<b>1,078</b>	<b>70,350</b>	<b>71,428</b>	<b>100%</b>	<b>10,708</b>	<b>67,366</b>	<b>78,074</b>	<b>100%</b>

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The County Council Fund's liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2019.

The principal assumptions used by the actuary have been:

	<b>Local Government Pension Scheme</b>	
	<b>2019/20</b>	<b>2018/19</b>
<i>Longevity at 65 for current pensioners</i>		
Men	<b>22.0 years</b>	22.4 years
Women	<b>24.0 years</b>	24.4 years
<i>Longevity at 65 for future pensioners</i>		
Men	<b>22.7 years</b>	24.0 years
Women	<b>25.5 years</b>	26.3 years
Rate of increase in pensions	<b>1.9%</b>	2.5%
Rate of increase in salaries	<b>2.4%</b>	2.8%
Rate for discounting scheme liabilities	<b>2.3%</b>	2.4%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit cost method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2018/19.

<b>Change in assumptions at 31 March 2020</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate Monetary Amount £000</b>
0.5% decrease in real discount rate	10%	11,861
0.5% increase in the salary increase rate	1%	1,169
0.5% increase in the pension increase rate	9%	10,591

### **Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has arranged a strategy with the scheme's actuary to achieve an appropriate funding level over the period until 31 March 2023.

The latest triennial valuation has been completed as at 31 March 2019. The next triennial valuation is due as at 31 March 2022 and will be reported in the autumn of 2022.

The scheme has taken into account the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

Within the actuary's valuation report at 31 March 2020, the liabilities include an allowance for full Guaranteed Minimum Pensions (GMP) indexation and for the potential impact of the McCloud judgement (shown as the Past Service Cost in the notes above).

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £49.115m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

The Council anticipates paying £1.577m contributions to the scheme in 2020/21. In addition, an up-front payment of £2.687m has been made in April 2020 in respect of lump sums due for the 3 year period 2020/21 - 2022/23. This will be reflected in the pension liability in the Balance Sheet in those years to take account of the up-front payment. The weighted average duration of the defined benefit obligation for scheme members is 22 years.

Further information relating to the Cambridgeshire County Council Pension Fund can be found in Cambridgeshire County Council's Pensions Fund Annual Report, which is available from the Chief Finance Officer, Local Government Shared Services, Shire Hall, Castle Hill, Cambridge, CB3 0AP.

## **40. CONTINGENT LIABILITIES**

Material contingent liabilities are not recognised within the accounts as an item of expenditure or income, but are required to be disclosed in a note to the financial statements.

### **Stock Transfer**

As part of the stock transfer agreement completed on 5 November 2007, the Council gave Roddons HA (now Clarion) certain warranties in relation to transferring staff, property and environmental pollution. This is to ensure that there are no matters in connection with the land or property transferring that could cause the housing association financial or other loss. The Council has given warranties both to the association and separately to the association's funders. This is standard practice for all stock transfers. The duration of the various warranties in the contract are up to 30 years from completion.

The potential amounts the Council could be liable for under these warranties are unquantifiable. However, the risks associated with the warranties are considered low and therefore are not expected to have a material impact on the Council's accounts.

### **Pilots' National Pension Fund (PNPF)**

In February 2018, the Council paid to the PNPF the amount due as a result of the Council triggering a Section 75 (of the Pensions Act 1995) debt whereby the Council ceased to employ any active members of the PNPF. Provision for this payment was made in the 2016/17 accounts. Following payment of this liability, the Council is not required to make any further annual deficit payments to the PNPF and the Council no longer needs to recognise any liability to the PNPF in its Balance Sheet (the deficit was written out of the balance sheet in the 2016/17 accounts).

Although the Council has repaid its' S75 debt liability, it will not be released as a Participating Body under PNPF rules. The PNPF has confirmed, however, that they have no present intention of making any additional contribution demands on the Council under PNPF rules.

The potential amounts the Council could be liable for in the future are unquantifiable and the risks associated with this obligation are considered low and therefore are not expected to have a material impact on the Council's accounts.

### **Pension Contingent Liabilities**

#### **Leisure Centres Management Contract**

The Council has entered into a 15 year management contract for its leisure centres with Freedom Leisure Ltd. The contract began on 4 December 2018 and all staff involved in the operation of the centres have been TUPE transferred to Freedom Leisure. The Council has given certain guarantees in relation to the pension rights of the transferred staff for the duration of the contract.

The potential amounts the Council could be liable for under these guarantees are unquantifiable. However, the risks associated with the guarantees are considered low and therefore are not expected to have a material impact on the Council's accounts.



## 41. GOING CONCERN

The CIPFA Code confirms that local authority accounts must be prepared on a going concern basis.

The Coronavirus restrictions across the UK, have created significant issues for many businesses and residents and as a result from April 2020, Council experienced additional spending pressures and its' income was affected detrimentally as customers either stopped receiving services, sought to defer payments or were unable to pay at all.

The government has provided a range of support for the additional costs borne by authorities because of the crisis and the Council has received £1.859m to date in this regard. The Council has recently submitted its first claim under the terms of the government's income compensation scheme which relates to the period April to July 2020. The Council's claim is for £172,000. The current projected compensation due to the Council in respect of income losses sustained in the 12 months to 31 March 2021 is £878,000.

The Ministry of Housing, Communities and Local Government recently announced that the Council had been allocated a grant which is also in addition to the amounts referred to above. £198,000 has been allocated to cover the costs associated with accommodating rough sleepers.

The government has indicated that it recognises that the nature of the pandemic and its impact on the economy locally, nationally and internationally, together with the way in which authorities are required to determine and collect Council Tax means the impact will be felt over multiple financial years. With this in mind the government has made the following commitments:

- repayment of Collection Fund deficits will be phased over the next 3 years; and
- the upcoming funding review will determine what support is needed to help councils meet the pressures of irrecoverable tax income at the Spending Review.

Our most recent year-end balances, as reported in these statements are as follows.

<b>Date</b>	<b>General Fund</b>	<b>Earmarked reserves</b>
31 March 2020	£2.00m	£6.763m

We have carried out an assessment of the impact of Covid-19 on our future finances and we are satisfied that there is no material uncertainty relating to the Council's going concern. Through our assessment we have identified that in 2020/21 we expect total income reductions (non-collection fund) due to COVID-19 to be £1.704m and additional costs have been estimated at £2.028m based on the expectations of the Council's Service leads. These estimates are consistent with the latest COVID-19 Local Authority financial monitoring return submitted to MHCLG on 5 October 2020.

### Collection Fund losses:

- Business Rates: excluding reliefs which are being reimbursed to local authorities, we have assumed a 15% (£2.649m) loss of total business rates due for the year due to non-payment. This Council's share of that loss is 40%. This loss will manifest itself as a deficit on the collection fund at the end of the year which will be accounted for in 2021/22.
- Council Tax: we have assumed a 5% (£2.666m) reduction in cash received during the year due to payment failure. In addition we are expecting a significant increase in the number of working age Council Tax Support claims, although at this time it is difficult to know with any certainty what will happen during the remainder of this year and the ongoing impact into 2021/22. These will impact on the deficit on the collection fund at the end of this year of which this Council's share is approximately 15.7%.
- The government has also committed to consider the apportionment of irrecoverable Council Tax and Business Rates losses between central and local government. These measures will be determined at the Spending Review.

The above assessments are based on lockdown arrangements gradually being eased and reflect the impact on Council services to date and an estimated impact for the remainder of the year. The package of measures announced by the government will substantially mitigate the impact of the spending pressures and income losses for 2020/21 detailed above. We have yet to make any assessment of the ongoing spending pressures and income losses on 2021/22 and over the medium term.

Therefore, we would expect our 2020/21 outturn to show a revised deficit, taking into account all the above factors of between £0.75 – £1.25 million. This would be funded from the available Earmarked Reserves leaving a predicted General Fund balance of £2m at 31 March 2021.

The government has announced that the Fair Funding Review, reform of the Business Rates retention system and the Business Rates revaluation, all scheduled for 2021/22 are to be delayed. Consequently, we have left our assumption for Business Rates for 2021/22 in line with our previous MTFs planning (which assumed a CPI increase), which shows a deficit in 2021/22 on the provision of services of £0.185 million. The ongoing impact of the 2020/21 pressures will almost certainly increase this deficit, although we have not as yet made any detailed assessment of this impact. We are however, confident that with the measures announced by the government, the net deficit can be met by additional savings and efficiencies where possible and by the targeted use of available earmarked reserves. We are not intending to draw on our GF balance. As a result, our GF balance at 31 March 2022 is expected to be £2 million which is the minimum level set by Council.

The Council has also undertaken cash flow modelling through to November 2021 which demonstrates the Council's ability to fulfil its treasury management responsibilities and comply with the Operational Boundary approved by Full Council at its meeting on 20 February 2020. The Operational Boundary approved at that meeting for schemes not relating to the Council's Commercial and Investment Strategy was £12 million. Currently the Council has long-term borrowing of £7.8 million. These loans are not expected to be repaid in the period covered by the current Medium Term Financial Strategy. Therefore, the Council would be able to take on additional borrowing of £4.2 million without requiring a change to the Operational Boundary to be approved at a meeting of Full Council.

The Council thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Council will be a going concern, 12 months from the date of the audit report, based on its cash flow forecasting and the resultant liquidity

position of the Council, taking account of the cash balances of £5.9 million, and short-term investments of £19 million at 30 September 2020 and the facility to borrow an additional £4.2 million in accordance with its Treasury Management Policy (excluding potential new borrowing of up to £25 million to fund the Council's Commercial and Investment Strategy). This demonstrates that the Council has sufficient liquidity over the same period, and any borrowing that might be required is within the Operational Boundary approved by Full Council.

## **42 EVENTS AFTER THE BALANCE SHEET DATE**

The Statement of Accounts was authorised for issue by the Corporate Director and Chief Finance Officer on 10 November 2020. This is the date up to which events after the Balance Sheet date have been considered. As part of its considerations management has assessed whether any events have occurred subsequent to the Balance Sheet date which might need to be disclosed as non-adjusting events within the notes to the financial statements. No such events have been identified.

## THE COLLECTION FUND

Total 2018/19 £000		N o t e	Council Tax 2019/20 £000	NNDR 2019/20 £000	Total 2019/20 £000
<b>INCOME</b>					
<b>53,937</b>	Council Tax Receivable	2	57,358	0	<b>57,358</b>
<b>25,781</b>	Business Rates Receivable	3	0	25,401	<b>25,401</b>
<b>79,718</b>	<b>Total Income</b>		<b>57,358</b>	<b>25,401</b>	<b>82,759</b>
<b>EXPENDITURE</b>					
<b>Precepts, Demands and Shares:</b>					
<b>12,576</b>	Central Government		0	12,001	<b>12,001</b>
<b>18,970</b>	Fenland District Council		9,016	9,601	<b>18,617</b>
<b>38,483</b>	Cambridgeshire County Council		38,550	2,160	<b>40,710</b>
<b>5,759</b>	Cambs. Police & Crime Commissioner		6,542	0	<b>6,542</b>
<b>2,243</b>	Cambridgeshire Fire Authority		2,078	240	<b>2,318</b>
<b>78,031</b>			<b>56,186</b>	<b>24,002</b>	<b>80,188</b>
<b>Apportionment of Previous Year Surplus / (Deficit):</b>					
<b>(211)</b>	Central Government		0	(554)	<b>(554)</b>
<b>(59)</b>	Fenland District Council		59	(443)	<b>(384)</b>
<b>399</b>	Cambridgeshire County Council		241	(100)	<b>141</b>
<b>69</b>	Cambs. Police & Crime Commissioner		38	0	<b>38</b>
<b>20</b>	Cambridgeshire Fire Authority		13	(11)	<b>2</b>
<b>218</b>			<b>351</b>	<b>(1,108)</b>	<b>(757)</b>
<b>Charges to Collection Fund:</b>					
<b>123</b>	Cost of Collection Allowance		0	122	<b>122</b>
<b>1,150</b>	Increase in Bad Debts Provision	4	502	212	<b>714</b>
<b>2,129</b>	Increase/(Reduction) in Provision for Appeals	5	0	1,963	<b>1,963</b>
<b>302</b>	Reconciliation Adjustment		0	314	<b>314</b>
<b>3,704</b>			<b>502</b>	<b>2,611</b>	<b>3,113</b>
<b>81,953</b>	<b>Total Expenditure</b>		<b>57,039</b>	<b>25,505</b>	<b>82,544</b>
<b>2,235</b>	<b>(Surplus)/Deficit for the Year</b>		<b>(319)</b>	<b>104</b>	<b>(215)</b>
<b>COLLECTION FUND BALANCE</b>					
<b>(1,649)</b>	(Surplus)/Deficit b/fwd at 1 April		(500)	1,086	<b>586</b>
<b>2,235</b>	(Surplus)/Deficit for the year (as above)		(319)	104	<b>(215)</b>
<b>586</b>	<b>(Surplus)/Deficit c/fwd at 31 March</b>	6	<b>(819)</b>	<b>1,190</b>	<b>371</b>

## NOTES TO THE COLLECTION FUND ACCOUNTS

### 1. GENERAL

The Collection Fund is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and the Government.

### 2. COUNCIL TAXPAYERS

Council Tax income is derived from charges raised according to the value of residential properties, which have been classified into 8 valuation bands using estimated valuations as at 1 April 1991. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Cambridgeshire County Council, Cambridgeshire Police Authority, Cambridgeshire Fire Authority and the Council for the forthcoming year and dividing this figure by the Council Tax base of 29,380 in 2019/20 (2018/19: 28,979). The increase in Council Tax base in 2019/20 is a result of a combination of new builds and impact of the Council Tax Reduction Scheme approved by Council at its meeting on 13 December 2018.

The Council Tax base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent adjusted for discounts etc. This basic amount of tax for a Band D property (average of £1,912.38 for 2019/20 compared to £1,824.74 for 2018/19) is then multiplied by the proportion specified for the particular Band (after adjusting for individual Parish Council precepts) to give an individual amount due.

Council Tax bills were based on the following proportions for Bands A to H:

	Proportion of Band D Charge (ninths)	Equated no of Chargeable Dwellings
Band A	6	7,605
Band B	7	7,623
Band C	8	6,557
Band D	9	4,075
Band E	11	2,463
Band F	13	792
Band G	15	238
Band H	18	27
		<hr/>
		29,380
		<hr/>

Income receivable from Council Tax payers in 2019/20 was £57.358m (£53.937m in 2018/19)

### 3. NATIONAL NON-DOMESTIC RATES (NNDR)

The Council collects NNDR for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. In 2013/14, the administration of NNDR changed following the introduction of a business rates retention scheme, which aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to the central pool, local authorities retain a proportion of the total collectable rates due. In the case of Fenland, the local share is 40%. The remainder is distributed to Central Government (50%), Cambridgeshire County Council (9%) and Cambridgeshire Fire Authority (1%).

The business rates shares payable for 2019/20 were estimated before the start of the financial year as £12.001m to Central Government, £2.160m to Cambridgeshire County Council, £0.240m to Cambridgeshire Fire Authority and £9.601m to Fenland Council. These sums have been paid in 2019/20 and charged to the collection fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority, identifying the expected level of retained business rates and a top-up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities and payable to Central Government are used to finance the top-ups to those authorities who do not achieve their targeted baseline funding. In this respect, Fenland paid a tariff to the government of £5.931m in 2019/20 (£5.798m in 2018/19) which is charged to the General Fund.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by VOA and hence business rates appeals outstanding as at 31 March 2020. As such, authorities are required to make a provision for these amounts. The total provision charged to the Collection Fund for 2019/0 has been calculated at £1.963m.

The total NNDR income due (including transitional protection) from business ratepayers for 2019/20 was £25.401m (2018/19 £25.781m). The local non-domestic rateable value at 31 March 2020 was £66,993,270 (£66,747,143 at 31 March 2019). The national multipliers for 2019/20 were 49.1p for qualifying Small Businesses and a standard multiplier of 50.4p for all other businesses (48.0p and 49.4p respectively in 2018/19).

In addition to the tariff payment, a 'levy' payment is due to Central Government on business rate income achieved over the baseline amount. The comparison of business rate income for levy purposes, uses the total income collected from business ratepayers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief and other reliefs (announced in the Autumn Statements 2013 - 2019), not allowed for when the scheme was set. The levy is set at 50% of the growth above the baseline level and for 2019/20, a levy payment of £435,798 (£468,268 in 2018/19) is due to Central Government and this has been charged to the General Fund.

#### 4. PROVISION FOR NON-PAYMENT OF COUNCIL TAX AND NNDR

The Collection Fund account provides for bad debts on arrears on the basis of prior years' experience and current years collection rates.

##### Council Tax Bad Debts Provision

2018/19 £000		2019/20 £000
<b>1,781</b>	<b>Balance at 1 April</b>	<b>2,503</b>
(181)	Write-offs during year for previous years	(301)
903	Increase in provision during year	502
<b>2,503</b>	<b>Balance at 31 March</b>	<b>2,704</b>

The Council's proportion of this provision at 31 March 2020 is £423,376 (£401,703 at 31 March 2019).

##### Non- Domestic Rates Bad Debts Provision

2018/19 £000		2019/20 £000
<b>965</b>	<b>Balance at 1 April</b>	<b>1,141</b>
(71)	Write-offs during year for previous years	(176)
247	Increase in provision during year	212
<b>1,141</b>	<b>Balance at 31 March</b>	<b>1,177</b>

The Council's proportion of this provision at 31 March 2020 is £470,623 (£456,282 at 31 March 2019).

#### 5. PROVISION FOR APPEALS – NON-DOMESTIC RATES

The Collection Fund account also provides for provision for appeals against rateable values set by the Valuation Office Agency (VOA) which has not been settled as at 31 March 2019.

2018/19 £000		2019/20 £000
<b>1,732</b>	<b>Balance at 1 April</b>	<b>2,752</b>
(1,109)	Write-offs during year for previous years	(538)
2,129	Increase/(Reduction) in provision during year	1,963
<b>2,752</b>	<b>Balance at 31 March</b>	<b>4,177</b>

The Council's proportion of this provision at 31 March 2020 is £1,670,695 (£1,100,644 at 31 March 2019).

## 6. DEFICIT/ (SURPLUS) ON COLLECTION FUND

### Council Tax Collection Fund

The surplus of £818,779 at 31 March 2020 (£500,124 surplus at 31 March 2019), which related to Council Tax, will be reimbursed in subsequent financial years to Cambridgeshire County Council, Cambridgeshire Police and Fire Authorities and the Council in proportion to their shares of the total Council Tax raised.

This Council's share of the surplus (£131,310) is reported within the Collection Fund Adjustment Account.

The total Council Tax Collection Fund surplus is therefore shared as follows:

	31 March 2020	31 March 2019
	£000	£000
Fenland District Council	(131)	(83)
Cambridgeshire County Council	(562)	(343)
Cambridgeshire Police & Crime Commissioner	(96)	(55)
Cambridgeshire Fire Authority	(30)	(19)
<b>Total (Surplus) /Deficit</b>	<b>(819)</b>	<b>(500)</b>

### Non-Domestic Rates Collection Fund

The deficit of £1,189,987 at 31 March 2020 (deficit of £1,086,132 at 31 March 2019), which related to Business Rates, will be reimbursed in subsequent financial years by Cambridgeshire County Council, Cambridgeshire Fire Authority, Central Government and the Council in proportion to their shares of business rates income.

This Council's share of the deficit (£475,995) is reported within the Collection Fund Adjustment Account.

The total Non-Domestic Rates Collection Fund deficits are therefore shared as follows:

	31 March 2020	31 March 2019
	£000	£000
Fenland District Council	476	434
Cambridgeshire County Council	107	98
Cambridgeshire Fire Authority	12	11
Central Government	595	543
<b>Total (Surplus)/Deficit</b>	<b>1,190</b>	<b>1,086</b>



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FENLAND DISTRICT COUNCIL**

### **Opinion**

We have audited the financial statements of Fenland District Council for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- the Expenditure and Funding Analysis and the related notes 1 to 42, and
- the Collection Fund and the related notes 1 to 6.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of Fenland District Council as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Corporate Director and Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Corporate Director and Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the “*Statement of Accounts 2019-20*”, other than the financial statements and our auditor’s report thereon. The Corporate Director and Chief Finance Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinion on other matters prescribed by the Local Audit and Accountability Act 2014 Arrangements to secure economy, efficiency and effectiveness in the use of resources**

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, Fenland District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

## **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

## **Responsibility of the Corporate Director and Chief Finance Officer**

As explained more fully in the “*Statement of Responsibilities for the Statement of Accounts*”, set out on page 26, the Corporate Director and Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Corporate Director and Chief Finance Officer is responsible for assessing the Authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities> . This description forms part of our auditor's report.

### **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether Fenland District Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Fenland District Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Fenland District Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Certificate**

We certify that we have completed the audit of the accounts of Fenland District Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

## Use of our report

This report is made solely to the members of Fenland District Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

MARK HODGSON

ERNST & YOUNG LLP

**Mark Hodgson (Key Audit Partner)**  
Ernst & Young LLP (Local Auditor)  
Cambridge

**Date:** 11 November 2020

# FENLAND DISTRICT COUNCIL

## 2019-20 ANNUAL GOVERNANCE STATEMENT

### 1. Scope of responsibility

Fenland District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Fenland District Council is responsible for putting in place proper arrangements for the governance of its affairs, and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions, and which includes arrangements for the management of risk.

Fenland District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at [www.fenland.gov.uk](http://www.fenland.gov.uk) or can be obtained from the Chief Finance Officer. This statement explains how Fenland District Council has complied with the code and also meets the requirements of regulation 6 (1) of the Accounts and Audit Regulations 2015 in relation to the publication of an annual governance statement.

### 2. The purpose of the governance framework

The governance framework comprises the systems and processes for the direction and control of the authority and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot and should not be expected to eliminate all risk of failure to achieve policies, aims and objectives and therefore only provides reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Fenland District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Fenland District Council for the year ended 31 March 2020 and up to the date of approval of the annual performance report and statement of accounts.

### 3. The governance framework

Fenland District Council has a responsibility for ensuring a sound system of governance to meet statutory requirements requiring public authorities to adhere to proper practices in reviewing the effectiveness of their system of internal control and preparing an annual governance statement. This governance statement meets that requirement and sets out brief details of the arrangements that the Council has in place regarding the key systems and processes comprising the Council's governance framework, which incorporates the Local Code of Governance adopted by the Council covering six themes, underpinned by the supporting principles contained within the "CIPFA/SOLACE Framework for delivering good governance in Local Government (2016 Edition)".

#### Elements of the framework

The key elements of the systems and processes that comprise the authority's governance arrangements are as follows:

#### **Communicating vision**

The Corporate Planning Framework of the Council ensures the delivery of services and projects to improve quality of life for Fenland residents. Partners, through the Fenland Strategic Partnership, meet and establish priorities for delivery to address the statutory duty of promoting the well-being of the district.

The Council, through its [Business Plan](#) establishes its objectives after consultation with its key partners and the public as well as with reference to statutory duties, local needs and national priorities. The Business Plan communicates the Council's vision of its purpose and intended outcomes for citizens and service users.

#### **Reviewing the vision**

The Council's capacity to deliver its vision is reviewed within service and project plans that support the Business Plan each year. Service quality is measured via customer communication channels and by measurement of performance indicators. Testament to the high quality service the Council provides is the achievement of corporate Customer Service Excellence. CMT and managers, as well as the Council's Policy and Communications Team and Overview and Scrutiny Committee review processes for efficient and effective use of resources.

#### **Translating the vision into objectives**

The Business Plan has corporate priorities which are then cascaded down to team priorities. Achievement of corporate priorities is monitored regularly via the performance monitoring framework and monitoring reports to Portfolio Holders, the Overview and Scrutiny Committee and Full Council. Progress against intended outcomes is reported in the Council's Annual Report.

#### **Measuring quality of services for users and value for money**

The Council's Business Plan drives the medium term financial strategy and resource allocation. Measures of service delivery against the corporate priorities are determined, which measure factors such as quality and efficiency and effective use of resources. These measures are jointly monitored on a monthly basis through Cabinet/CMT Portfolio Holder briefings and scrutinised by the Overview and Scrutiny Committee and Council. The key performance information of the Council, plus summary financial information, is captured in the [Annual Report](#).

A commitment to continuous improvement is achieved through training, consultation, performance measurement, complaints and comments.

The Council utilises internal and external inspections to inform the performance standards and methods of operation for its key services. Customer Service Excellence accreditation has in particular helped to ensure high standards of customer care and staff development.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers in accordance with prescribed and best practice guidelines from professional bodies and institutions. Examples include:

- Comprehensive budget setting systems.
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts.
- Setting targets to measure financial and other performance.
- A Medium Term Financial Strategy.
- Clearly defined capital expenditure guidelines, authorisation and monitoring.
- Where appropriate, formal project and risk management disciplines.

### **Defining roles and responsibilities**

The Council has adopted a Constitution, which sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

The Constitution details Member structures and roles, including relationships to Senior Officers. It enables determination of delegated and reserved powers and details those matters reserved for collective decision of the Council. Committee Rules of Procedure enable Committee Members to have access to relevant information and officers to support decision-making. The Overview and Scrutiny Committee has the power of call-in, entitling it to recommend re-consideration of decisions made, but not yet implemented. The Corporate Governance Committee has responsibility for reviewing governance arrangements.

### **Developing standards & codes of conduct**

The Council has in place a Code of Conduct for Council Members, in addition to a revised [Conduct Procedure Rules Guidance and Templates](#) document. All Council Members are required to sign a registration of interests form within 28 days of their acceptance of office and are required to notify any change in those interests within 28 days of the change. A standing item in all Council meeting agendas is the item requiring declaration of interests.

The Council has in place a Conduct Committee and a Monitoring Officer to promote and maintain high standards of conduct by members.

There is a staff Code of Conduct, a Capability and Disciplinary procedure, an Anti-fraud and corruption policy, a Whistle blowing policy, a Values statement and a Competency

framework. The Human Resource Services of the Council monitor effectiveness of staff codes of conduct.

### **Reviewing effectiveness of decision making**

The Council has a robust and comprehensive performance management framework in place that ensures monitoring of performance, finance and risks in relation to achievement of service and corporate priorities. The process ensures inclusion of Corporate Management Team and Cabinet Members. The Council has a Policy and Communications team to enhance the control environment by ensuring the accurate and timely measurement and management of key performance indicators and data quality in performance information.

The Council identifies its key systems and ensures that robust continuity and risk management arrangements exist, to maintain delivery of key services and financial systems.

### **Reviewing effectiveness of managing risks**

The Council has a Risk Management Strategy and Standard that has enabled the monitoring of risk within projects, Service Plans, performance management, financial planning, policy setting and decision making. The Council has a balanced risk appetite that allows new ideas to be explored and encourages innovation. The Risk Management Framework enables risks to be escalated to an appropriate authority in the organisation to be managed. The Risk Management Strategy is reviewed annually by Corporate Governance Committee. The Council has a Risk Management Group which is responsible for highlighting and assessing risks and applying a Red, Amber, Green (RAG) status to risks for consideration by the Corporate Management Team and ultimately by the Corporate Governance Committee.

The Council has a comprehensive Business Continuity Plan which is regularly reviewed and updated. This has proved highly effective in addressing the issues raised by the Covid-19 pandemic.

The Council has a Port Marine Safety Code to manage potential major risks related to Marine Services. It is linked to the Council's Business Continuity Plan as referenced above and is also regularly updated. A Port Management Group is responsible for monitoring and managing safety issues and a Duty Holder and Designated Person is appointed to review the safety management system and associated risks.

### **Effective counter fraud and corruption**

The Council has an Anti-fraud & corruption strategy and policy to ensure effective counter-fraud and anti-corruption arrangements are developed and maintained. Arrangements are evaluated against best practice guidance from professional bodies such as CIPFA Counter Fraud Centre, the National Audit Office and the National Crime Agency. The policy is reviewed for effectiveness every three years by the Corporate Governance Committee.

### **Effective management of change and transformation**

The Corporate Management Team is responsible for managing risks from imposed legislative and economic change, and identifying opportunities to improve service delivery.



The Council has developed a number of successful partnerships and shared service arrangements, and continues to seek innovative opportunities to be efficient through Service Transformation, modernising our business processes with the effective use of technology and the Council's internal Comprehensive Spending Review. The strategic approach to modernisation and transformation is based on maintaining or improving services by reviewing processes and changing the way they are delivered.

Where appropriate these arrangements are managed by the Council's performance management framework and corporate risk management framework.

### **CIPFA Statement on the Role of the Chief Financial Officer in Local Government**

Fenland District Council operates arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

### **CIPFA Statement on the Role of the Head of Internal Audit**

Fenland District Council operates arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).

The Internal Audit Team operates to the standards set out in the CIPFA 'Application note for Local Government' which is based on the IIA 'Public Sector Internal Audit Standards'.

### **Undertaking core functions of Audit Committee**

The Council has a Corporate Governance Committee that reports annually to Council. Its purpose is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it effects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

The Committee meets at least four times a year to deliver its core functions. This includes key duties, set out within the Council's constitution, which enables it to act as the principle non-executive advisor to the Council. The Committee follows best practice established by CIPFA, and demonstrates delivery of its core functions, its effectiveness and independence by reporting annually to Council.

### **Arrangement to discharge the Monitoring Officer Function and Head of Paid Service**

The Council's statutory officers are the Head of Paid Service – the Chief Executive, the Corporate Director & Chief Finance Officer and the Corporate Director & Monitoring Officer. They are responsible for ensuring that the Council operates within the law and in accordance with established policy and procedure.

### **Compliance with relevant laws and regulations, policies and procedures**

The Monitoring Officer will report to the full Council if they consider that any proposal, decision or omission would give rise to unlawfulness or maladministration. The Chief Finance Officer is specifically responsible for the proper discharge of the Council's financial arrangements and must advise Members where any proposal is unlawful, or where expenditure is likely to exceed resources.

The Corporate Management Team has responsibility for ensuring that legislation is implemented and complied with within service areas. Assurance that this is achieved is obtained from Internal Audit reviews, the work of the Council's Legal Service provision, external inspector's reports, review of complaints and ombudsman's reports and self-assessments completed by the Corporate Directors of the Council.

The General Data Protection Regulation (GDPR) requirements came into force in May 2018. The Council has systems and processes in place to ensure all staff understand their responsibilities in relation to holding personal data and that the Council can demonstrate compliance with the regulation.

### **Whistleblowing & customer complaints**

The Council maintains and promotes a corporate whistleblowing policy that is regularly reviewed against best practice such as British Standards Institution PAS (Publically Available Specification 1998:2008 Whistle Blowing Arrangements – Code of Practice) and guidance from Public Concern at Work.

The Council operates a '3Cs' process which monitors the number of Compliments, Correspondence and Complaints received and the time taken to respond. Monitoring this information helps identify trends and enables the Council to provide an efficient service by adapting our service to the customer's needs.

### **Member and senior officer strategic training needs**

The development of member and officers skills in relation to their roles is monitored and ensured via training and awareness sessions throughout the year identified from induction and through the staff annual appraisal system, which is linked to Corporate and Service Planning.

The Council promotes and provides regular training in respect of its Financial Regulations and Code of Procurement to aid financial control and effective expenditure.

The Council is committed to the continued development of its employees and training and development forms an intrinsic aspect of the annual appraisal process.

### **Consulting with community & stakeholders**

The Council completes both statutory and non-statutory consultation. It ensures that there are channels for communication, consultation and feedback with all sections of the community and stakeholders. Additionally they can feedback on the Council's decisions and performance, in line with Customer Service Excellence standards which are regularly assessed.

The Council uses these channels, such as the website and community hubs, to consult on activities relevant to the community including planning, licensing, policy development. A revised and updated Corporate Consultation Strategy was considered by the Overview and Scrutiny Committee following which amendments were made prior to agreement by Cabinet.

### **Enhancing accountability and effectiveness of other providers**

The Council works in partnership with other public sector bodies to share experience and bring local perspective to cross cutting work in Cambridgeshire and beyond. This helps to

enhance the accountability for service delivery and effectiveness of other public service providers.

### **Good governance in partnership working**

The Council has developed a number of successful partnerships and shared service arrangements. Examples include efficient delivery of services through the Anglia Revenues Partnership, Home Improvement Agency, CNC Building Control, shared planning and development and legal services with Peterborough, Bedford Borough Council Payroll Service, a Shared Audit Manager with the Borough Council of Kings Lynn and West Norfolk; and effective use of assets by sharing accommodation with other Public Sector Organisations through Community Hubs and Fenland Hall. In December 2018 the Council transferred responsibility for the management of its leisure centres to Freedom Leisure.

The Governance Framework extends into the Council's relationships with its key partners and provides assurance as to the performance and achievement of shared objectives and intended outcomes. Performance is published in the Council's annual report, Overview and Scrutiny reports and Full Council reports.

## **4. Review of effectiveness**

Fenland District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Management Team and Management within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes throughout the year. The following actions and processes have been applied in maintaining and reviewing the effectiveness of the system of internal control over the last twelve months:

### **Council**

The Council has agreed a number of policies and corporate documents that help deliver its vision and priorities in 2019/20:

- The Commercial and Investment Strategy was approved by Full Council in January 2020 and implementation of this will commence in 2020/21;
- the Medium Term Financial Strategy has been reviewed and updated and is embedded in the business planning process. Additionally, the Council has approved treasury and investment strategies, the General Fund budget and Council Tax levels as well as the Treasury Management Annual Report;
- the Council Tax Support Scheme was reviewed and approved following review by Overview and Scrutiny;
- Council received and approved annual reports from Overview and Scrutiny and Corporate Governance Committee in line with their terms of reference outlining achievements from the previous year;

- Council considered and agreed the Independent Remuneration Review; recommendations regarding the Member allowances scheme;
- Agreed the revised Regulation of Investigatory Powers Act Policy;
- Considered constitutional updates and amendments to reflect changes in legislation in addition to best practice.

The Council has maintained its capacity and capability to be effective through ongoing reviews of governance arrangements:

- The membership of Committees and panels and outside bodies, and positions of Chairman and Vice Chairman approved in accordance with the constitution, was approved for the municipal year in accordance with political proportionality rules. Council also approved membership of positions on the Combined Authority to ensure effective representation on this body.

### **Cabinet and Corporate Management Team**

Ongoing delivery of the Comprehensive Spending Review throughout 2019/20 has placed the Council in a healthy financial position. Effective financial control resulted in the Council responding to budgetary changes, and achieved an under-spend in the revised General Fund budget. This was reported to Cabinet at its meeting on 6 August 2020. The Council's General Fund services net under-spend was £115,000 for the financial year 2019/20.

The Council has benefited from the growth in business rates and through sharing services with a number of partners including Anglia Revenues Partnership. Significant planned efficiencies have been delivered, plus continuous improvement is being considered through Service Transformation and the Comprehensive Spending Review.

The Corporate Management Team has ensured a robust and resilient budget for the following year. Within the year the Portfolio Holder for Finance, and the Cabinet, have received regular budget monitoring reports showing the Council's financial performance.

The Cabinet and Corporate Management Team have ensured maintenance of acceptable standards in financial reporting, standing and control as reported upon by the Council's external auditors.

Appropriate arrangements are in place for delivering member training. The staff and councillor induction process continues to encompass statutory obligations and identification of further induction training specific to individual services and roles.

The Corporate Management Team has ensured data management and security standards, and has committed to sharing data lawfully with other public sector bodies to improve outcomes for Fenland's residents through the Cambridgeshire and Peterborough Information Sharing Framework. Extensive work has been undertaken to evidence the organisations compliance with General Data Protection Regulation.

A number of key decisions were made that both communicated and reviewed the Council's vision and translated these into priorities for the Council and its Partnerships. This demonstrated a commitment to good governance, and included approving and reviewing policies and reports:

- Business Plan 2019-20;
- Annual report;
- Council Tax Support Scheme;
- Fees and charges 2019-20;
- Review of the Fenland Local Plan;
- Commercial and Investment Strategy;
- My Fenland transformation programme;
- Capital Programme Update

### **Corporate Governance**

The Corporate Governance Committee has completed a work plan that helps monitor effective governance throughout the Council. The Committee:

- approved and monitored the actions for improvement as required in the previous Annual Governance Statement;
- approved and monitored the Risk Management framework and corporate risk register;
- monitored performance of Internal Audit and approved the risk based internal audit plan and Charter including requesting quarterly update reports in relation to audit;
- noted the reports of External Audit, such as the Annual Governance Report, Annual Audit Letter, Annual Certification report and the External Audit Plan;
- noted the Regulations of Investigatory Powers Act (RIPA) – Update Report;
- approved the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and the Annual Investment Strategy;
- approved the Statement of Accounts 2018/19; and
- oversaw the maintenance of standards in financial reporting, standing and internal control.

### **Standards, conduct and ethical behaviour**

The Council has a Monitoring Officer, and a Conduct Committee, to promote and maintain high standards of conduct by members. The Committee and the Monitoring Officer have:

- dealt with informal and formal complaints against Councillors as per the Council approved conduct process;
- ensured compliance with requirements for declarations of interest;
- provided advice on conduct matters;
- maintained a framework for identifying and implementing new legislative requirements upon the Council;

### **Overview and Scrutiny**

The Overview and Scrutiny Panel have:-

- Scrutinised Council activity, in order to ensure effective and efficient service delivery and policy design, such as the Local Council Tax Support Scheme, Draft Business Plan, Health and Wellbeing Strategy, Community Corporate Objectives, Environmental Corporate Objectives, Wisbech 2020 and Wisbech Rail, March Future High Streets Fund and Medium Term Financial Strategy and Fees & Charges;
- reviewed the creation of the Investment Board and delegations of functions; regularly reviewed the progress in delivering performance objectives of the Corporate Plan;
- considered the Local Government Ombudsman's Annual Letter; and
- scrutinised external partners including Fenland Community Safety Partnership Freedom Leisure Contract, Environmental Enforcement Contract in addition to the Anglia Revenues Partnership.

### **Staff Committee**

The Council has considered organisational policies and management through the Staff Committee including:

- approved Management and Growth Delivery review and Legal Services review;
- approved the Equal Opportunities Policy, Health and Safety Policy and 3C's Policy and Procedure update; and
- approved the implementation of phase 2 of the CCTV review.

### **Internal control**

The Corporate Director & Chief Finance Officer has:

- ensured provision of timely, accurate and impartial financial advice and information to assist in decision making;
- maintained and reported to Council the Treasury Management Strategy and legislative changes;
- ensured arrangements are maintained for keeping under review appropriate management accounting systems, functions and controls;
- reviewed, in conjunction with line management, the effectiveness of Internal Audit against the standards set out in the CIPFA 'Application note for Local Government' which is based on the IIA 'Public Sector Internal Audit Standards';
- reported the Medium Term Financial Strategy, Revenue Budget and Capital Programme;
- prepared and reported the Statement of Accounts 2019/20.

Internal Audit has:

- performed reviews of key services and financial procedures of the Council and reported to the Corporate Governance Committee, advising as to the level of assurance that can be applied to the Council's control framework;
- investigated allegations or suggestions of fraud or corruption and suggested revisions to improve systems for prevention and detection of such activity;

- provided risk management and business continuity training to staff; and
- promoted good standards of information governance, and supported the Countywide Information Sharing Framework.

The Internal Audit Manager presented her 2019/20 opinion on internal control to the Corporate Governance Committee at its meeting held on 17 August 2020 as part of the Internal Audit outturn. The opinion confirmed 'adequate assurance' in respect of the adequacy and effectiveness of internal controls, the risk management and governance arrangements

### **Reviews by external inspectors:**

The externally appointed auditors, Ernst & Young, issued their annual governance report in November 2019 which provided an unqualified opinion on the 2018/19 statement of accounts and the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. The report praised the management and staff of the Council, and reflected positively on the co-operation, quality of working papers and timeliness of provision of information.

The Council continues to demonstrate compliance against the Customer Service Excellence standard, the UK Government's national standard for excellence in customer service. The standard demonstrates our culture and behaviours, and that we engage with customers and partners, and deliver effective use of resources.

## **5. Impact of the Covid-19 pandemic on Governance**

As the AGS assesses governance in place during 2019-20, the majority of the year was unaffected by coronavirus. However coronavirus has impacted governance during March 2020 and to ensure the AGS is current at the time of publication this section will explore the impact on governance during this time.

### **Impact on business as usual in the delivery of services**

Business continuity plans were implemented from the outset of Covid-19. Business continued remotely and successfully with only changes to services that were non statutory due to government guidance. The Council cancelled all community events and supported residents to follow Covid-19 guidelines in all areas.

Freedom Leisure closed all leisure facilities as a result of the change in law. They reopened in July but have recently closed again due to the second period of national restrictions. FDC's contract with Freedom means that the Council is contractually obligated to ensure that Freedom is no better or no worse off as a result of a change in law. Estimated support costs to September 2020 are £545,000. Additional costs are anticipated prior to the end of the financial year.

There was little impact on the open spaces functions, though initial concerns regarding burial capacity existed. The Council put in place plans for additional support for the service, including additional training for contractor staff and having further contractors available on standby. Additionally FDC purchased additional graveshore equipment to increase burial capacity. These mitigating actions were not required and the burial service has run as normal throughout the pandemic.

## **New areas of activity as part of the national response to Covid-19 and governance issues arising**

A new community hub was developed, new feedback mechanisms have been developed and new funds made available as government provided finance streams (small community support funds for example). The Council is actively supporting and working with county council and public health colleagues in developing Covid-19 outbreak plans and investigating wider outbreaks. Workforce planning is in place.

Sports development team has used casual staff to develop online free exercise videos, bike maintenance instructions, as well as links to other online resources from many other agencies.

Business Support Grant schemes supported by the government have been implemented, with assurance checks being conducted throughout the process. A Discretionary Grants scheme has also been introduced to support further businesses and the wider economy. The Council was required to process the initial round of grants to support businesses by 30 September 2020. A recent package of additional support has been announced and arrangements are being established to enable businesses to apply for this support.

## **Funding and logistical consequences of delivering the local government response**

The Council is monitoring closely any lost income and additional spending due to Covid-19. Monthly monitoring returns are being submitted to MHCLG to assist the government with understanding the impact on local authorities of Covid-19. A range of government support packages have been announced to date to assist local authorities with meeting the additional spend pressures and to mitigate the income lost. A detailed report on the financial impact of Covid-19 in 2020/21 was presented to Council on 6 August 2020. This estimated a net impact of around £1.3m on this Council in 2020/21. This will be updated as we progress through this year and the budget setting process for 2021/22 and Medium Term Financial Strategy will detail the ongoing impact of Covid-19 over the medium term. It is however extremely difficult to estimate with any certainty what the final impact will be on this Council in 2020/21 and over the medium term.

A Covid-19 emergency response group was set up that initially met on a daily basis and now meets three times a week and maintains a focus on discussion / action plan and decision making as well as associated recovery actions following the national lockdown.

## **Assessment of the longer term disruption and consequences arising from the coronavirus pandemic**

The council has captured impacts within an impact register and is collating impacts on services; for both delivery and financially. A recovery plan is being developed and this Council will be working closely with the local resilience forum.

## **6. Governance issues and action plan**

No significant governance breaches or issues have been identified during the year. The Council has considered the governance issues identified in the previous year's Annual Governance Statement which the Corporate Governance Committee approved at its meeting held on 5 November 2019.



The following areas were all identified in the previous year's annual governance statement and having completed the review of effectiveness explained above are considered to be continuing issues which the Council will work to address during the 2020/21 financial year.

	<b>Issue Raised</b>	<b>Summary of action</b>
1	<p>Although in a healthy financial position, the Council still faces continuing financial challenges over the medium term, resulting from changes to central government funding.</p> <p>The Medium Term Financial Strategy presented to Council in February 2020 highlighted the need for further savings of £1.105m up to 2023/24.</p> <p>The impact of Covid-19 will, however, significantly impact on both the current financial year, 2020/21 and over the Medium Term. This is likely to substantially increase the savings required over the Medium Term.</p> <p>Central government is also undertaking a Fair Funding Review, Business Rates reform and New Home Bonus reform which are now likely to be implemented from April 2022 which will result in changes to Local Government Funding and presents a significant additional risk to this Council's MTFS.</p>	<p>The Chief Finance Officer, with the Chief Executive will review the impact of change upon the Council in conjunction with the Leader and Finance Portfolio Holder and the Cabinet.</p> <p>The Corporate Management Team has put in place heightened monitoring and response arrangements to provide the Cabinet with information regarding the impact of Covid-19 and of future Central Government funding changes.</p> <p>The Council's CSR process has placed the Council in a good position financially however, we will continue to look for more ways to become efficient and effective through looking at different service delivery models.</p> <p>The Corporate Management Team will monitor the available funding, balances and reserves, using robust financial controls to respond to any financial changes and identify further opportunities to work in partnership with other organisations to secure additional efficiencies. The Corporate Management Team will monitor governance arrangements, and communicate shared risks, opportunities and assurance.</p> <p>The Corporate Management Team will respond to any consultations from Central Government on future funding.</p>

2	<p>The Council must be prepared to address any impacts that may arise as a result of changes in regulation, legislative powers and national policy.</p> <p>Examples that could affect governance arrangements over the Medium Term include:</p> <ul style="list-style-type: none"> <li>• Reforms to the New Homes Bonus, Business Rates and the Fairer Funding Review due in April 2022</li> <li>• The UK's negotiations and exit from the EU following the referendum on the 23rd June 2016.</li> <li>• The Comprehensive Spending Review scheduled for Autumn 2020</li> <li>• The Department for Environment, Food and Rural Affairs' consultation on Consistency in Household and Business Recycling Collections</li> <li>• Continuing discussion and an ongoing review by the National Audit Office of local authority's investment activity including investment in property</li> </ul>	<p>The Corporate Management Team will respond to changes and will continue, using heightened monitoring and response arrangements, to provide the Cabinet with information regarding the impact of Central Government Policy changes including responding to government consultations.</p> <p>Plans will be put in place to implement any new legislation.</p>
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<p>3</p>	<p>The Covid-19 pandemic has given rise to unforeseen challenges in terms of this Council's decision-making machinery and its traditional meeting structure.</p> <p>The Council will be required to continually monitor the financial and operational impacts of Covid-19 throughout 2020/21 and beyond. It is already clear that Covid-19 has had a significant impact on the finances and the ability of the Council and its key delivery partners to maintain key services and there is considerable uncertainty as to when a more business-as-usual status can be achieved.</p> <p>Appropriate governance arrangements will be required to ensure effective decision-making arrangements and appropriate arrangements for oversight remain in place as recovery plans are developed and implemented.</p> <p>The speed and extent to which the economy is able to recover will have a fundamental impact on this Council, as will the success of the Council and its partners in delivering the public health response.</p> <p>The Council has prepared for mobilisation of the emergency response procedure for the 'second wave' of the virus to protect staff and residents.</p>	<p>Once regulations were published by government, the Council were able to adopt a procedure for meetings that complied with the legislation and continued the commitment to sound corporate governance.</p> <p>Where possible, key Council services continue to be provided (either directly or remotely) in line with its contingency arrangements.</p> <p>The Council has robust financial monitoring, recording and planning processes but these will need to be developed further to address this challenge.</p> <p>The Council monitors central government support initiatives and guidance and engages with its key partners to best provide essential services.</p> <p>Council business continuity arrangements have been mobilised so that staff can work remotely wherever possible in accordance with national guidance.</p> <p>The Corporate Management team, in conjunctions with elected members will produce and implement a recovery plan for the organisation, the community, the local economy and the health and wellbeing of the District.</p>
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## 7. Conclusion

Having completed the processes set out above to review the effectiveness of the Council's governance framework, we are satisfied that we have sufficient assurance regarding the effectiveness of the framework in place and the governance issues identified are confined to those set out above. We are satisfied that there are no significant governance issues or breaches of established internal control procedures. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Whilst recognising this, it should be noted though that Covid-19 continues to pose significant challenges to the Council's governance arrangements, controls and processes, the outcomes of which remain uncertain. The Council has acted with unprecedented speed in its response to the rapidly unfolding Covid-19 pandemic. It has enacted Government policy and transformed service delivery and ways of doing business against the backdrop of urgent stakeholder need and incomplete and changing information, data and guidance. This has altered the risk and control environment in which the Council is operating at the date of this statement. Throughout this period, the Council will continue to provide its services while maintaining appropriate governance arrangements and control, and having regard to the safety and wellbeing of its staff, partners, residents and businesses.

Signed: .....

Peter Catchpole  
Corporate Director and Chief Finance Officer

Signed: .....

Paul Medd  
Chief Executive

Signed: .....

Councillor Chris Boden, Leader, Fenland District Council

## **GLOSSARY OF TERMS**

### **ACCOUNTING PERIOD**

The period of time covered by the accounts, normally 12 months commencing on 1 April for local authorities.

### **ACCOUNTING POLICIES**

Define the process whereby transactions and other events are reflected in financial statements.

### **ACCRUALS**

Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made/received at the Balance Sheet date.

### **AMORTISATION**

A measure of the consumption of the value of intangible assets, based on the remaining economic life.

### **BAD DEBT**

Debts whose repayment is known to be impossible or unlikely.

### **BUDGET**

A statement defining the Council's policies over a specified period of time in terms of finance.

### **BILLING AUTHORITY**

A local authority responsible for collecting the Council Tax and non-domestic rates i.e. District Councils, Metropolitan Districts, London Boroughs, the City of London and Unitary Councils.

### **CAPITAL CHARGES**

Charges made to service revenue accounts based on the value of the assets they use and comprises depreciation over the useful life of the asset.

### **CAPITAL EXPENDITURE**

Expenditure on new assets such as land and buildings, or on enhancements to existing assets which significantly prolong their useful life or increase their value.

### **CAPITAL FINANCING COSTS**

The annual cost of borrowing (principal repayments and interest charges), leasing charges and other costs of funding capital expenditure.

### **CAPITAL RECEIPTS**

The proceeds from the disposal of land or other assets.

### **COLLECTION FUND**

Accounts required to be kept by the Council to record all income collected from local taxpayers, showing how this is passed on to other local authorities and Government organisations.

**COMMUNITY ASSETS**

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples are parks and historic buildings.

**CONTINGENT LIABILITIES**

Potential liabilities which are either dependant on a future event or cannot be readily estimated.

**CREDITORS**

Amounts owed by the Council at 31 March for goods received or services rendered but not yet paid for.

**CURRENT ASSETS**

Assets which can be expected to be consumed or realised during the next accounting period.

**CURRENT LIABILITIES**

Amounts which will become due or could be called upon during the next accounting period.

**DEBT MANAGEMENT OFFICE**

An Executive Agency of Her Majesty's Treasury responsible for debt and cash management for the UK Government including lending to local authorities.

**DEBTORS**

Amounts owed by the Council which are collectable or outstanding at 31 March.

**DEPRECIATION**

A notional charge representing the extent to which an asset has been worn out or used up during the year.

**DERECOGNITION**

The term used for the removal of an asset or liability from the Balance Sheet.

**EFFECTIVE RATE OF INTEREST**

The rate of interest that will discount the estimated cash flows over the life of a financial instrument to the amount in the Balance Sheet at initial measurement.

**FAIR VALUE**

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**FINANCE LEASE**

A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

**FINANCIAL ASSET**

A right to future economic benefits controlled by the Council. Examples include bank deposits, investments, trade debtors and loans receivable.

**FINANCIAL LIABILITY**

An obligation to transfer economic benefits controlled by the Council. Examples include borrowings, financial guarantees and amounts owed to trade creditors.

**FINANCIAL INSTRUMENT**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

**GENERAL FUND**

The main revenue fund of the Council. Day to day spending on services is met from the fund.

**HERITAGE ASSETS**

Heritage Assets are assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained principally for their contribution to knowledge and culture.

**GOVERNMENT GRANTS**

Payments by central Government towards Council expenditure. They may be specific, for example Housing Benefit subsidy, or general such as Revenue Support Grant.

**IMPAIRMENT**

The term used where the estimated recoverable amount from an asset is less than the amortised cost at which the asset is being carried on the Balance Sheet.

**INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)**

A reference to the accounting treatments that companies globally would generally be expected to apply in the preparation of their financial statements.

**MINIMUM REVENUE PROVISION**

The minimum amount which must be charged to the Council's revenue account each year and set aside for debt repayment as required by the Local Government and Housing Act 1989.

**NON-CURRENT ASSETS**

Assets which can be expected to be of use or benefit the Council in providing service for more than one accounting period.

**OPERATING LEASES**

A lease under which the ownership of the asset remains with the lessor; for practical purposes it is equivalent to contract hiring.

**OUTTURN**

Refers to actual income and expenditure or balances as opposed to budget amounts.

**PRECEPT**

The levy made on a billing authority by a Precepting Authority, requiring collection of income from Council's Taxpayers on their behalf.

**PRECEPTING AUTHORITIES**

Those authorities which are not Billing Authorities i.e. do not collect Council Tax and non-domestic rate. County Council are "major precepting authorities" and parish, community and Town Councils are "local precepting authorities".

## **PROVISIONS AND RESERVES**

Amounts set aside in one year to cover expenditure in the future. Provisions are for liabilities or losses which are likely or certain to be incurred but the amounts or the dates on which they arise are uncertain. Reserves are amounts set aside which do not fall within the definition of provisions and include general reserves (or “balances”) which every authority must maintain as a matter of prudence.

## **PUBLIC WORKS LOAN BOARD**

A central Government agency which provides long and short term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow.

## **REVENUE EXPENDITURE**

Spending on day to day items including employees’ pay, premises costs and supplies and services.

## **REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Expenditure which legislation allows to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a fixed asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year’s Council Tax.

## **REVENUE SUPPORT GRANT**

A grant paid by central Government in aid of Council’s services.

## **THE CODE**

The Code of Practice on Local Authority Accounting in the United Kingdom. This specifies the principals and practices of accounting required to give a ‘true and fair’ view of the financial position and transactions of a local authority.



## ABBREVIATIONS USED IN THE ACCOUNTS

ARP	Anglia Revenue Partnerships
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CSE	Customer Service Excellence
DWP	Department for Work and Pensions
FDC-CSR	Fenland District Council Comprehensive Spending Review
HMOs	Houses in Multiple Occupations
IFRS	International Financial Reporting Standard
liP	Investors in People
IMD	Index of Multiple Deprivations
LEP	Local Enterprise Partnership
MRP	Minimum Revenue Provision
MTFF	Medium Term Financial Forecast
NNDR	National Non-domestic Rates
PNPF	Pilots' National Pension Fund
PWLB	Public Works Loan Board
LGA	Local Government Association
LGPS	Local Government Pension Scheme
IAS	International Accounting Standards